Ameris Bancorp
Form DEF 14A
April 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Section 240.14a-12

AMERIS BANCORP

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 3, 2017

Dear Shareholder:

It is my pleasure to invite you to this year s annual meeting of shareholders, which will be held on Tuesday, May 16, 2017, at 9:30 a.m., local time, at our offices located at 24 Second Avenue Southeast, in Moultrie, Georgia.

The Notice of Annual Meeting of Shareholders that follows describes the business to be conducted at the meeting. We will also report on matters of current interest to our shareholders.

We will be using the Internet as our primary means of furnishing proxy materials to shareholders. Accordingly, most shareholders will not receive paper copies of our proxy materials. We will instead send shareholders a notice with instructions for accessing the proxy materials and voting via the Internet. The notice also provides information on how shareholders may obtain paper copies of our proxy materials if they so choose.

Whether or not you plan to attend the annual meeting, please vote as soon as possible to ensure that your shares will be represented and voted at the annual meeting. You may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card. If you attend the annual meeting, you may vote your shares in person even though you have previously voted your proxy.

On behalf of Ameris Bancorp, I thank you for your continued support and look forward to seeing you at this year s annual meeting.

Sincerely,

Edwin W. Hortman, Jr.
President and Chief Executive Officer

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Ameris Bancorp
310 First Street, S.E.
Moultrie, Georgia 31768

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2017

To the Shareholders of Ameris Bancorp:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Ameris Bancorp (the Company) will be held at the Company s offices located at 24 Second Avenue Southeast, Moultrie, Georgia, on Tuesday, May 16, 2017, commencing at 9:30 a.m, local time, for the following items of business:

(1) the election of three Class II directors for a three-year term of office;

(2) the ratification of the appointment of Crowe Horwath LLP as the Company s independent registered public accounting firm for 2017;

(3) the advisory approval of the Company s executive compensation; and

(4) any other business that may properly come before the Annual Meeting or any adjournment or postponement thereof.

The close of business on March 7, 2017, has been fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. Only shareholders of record at the close of business on that date are entitled to notice of, and to vote at, the Annual Meeting. A complete list of shareholders entitled to vote at the Annual Meeting will be available for examination by any shareholder for any purpose germane to the Annual Meeting, during normal business hours, for a period of at least 10 days prior to the Annual Meeting at the Company s corporate offices located at the address set forth above.

By Order of the Board of Directors,

Moultrie, Georgia
April 3, 2017

Cindi H. Lewis
Corporate Secretary

INTERNET AVAILABILITY OF PROXY MATERIALS

In accordance with U.S. Securities and Exchange Commission rules, we are using the Internet as our primary means of furnishing proxy materials to shareholders. Consequently, most shareholders will not receive paper copies of our proxy materials. We will instead send shareholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our proxy statement and annual report, and voting via the Internet. The Notice of Internet Availability of Proxy Materials also provides information on how shareholders may obtain paper copies of our proxy materials if they so choose.

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AMERIS BANCORP
310 First Street, S.E.
Moultrie, Georgia 31768

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 16, 2017

PROXY SOLICITATION AND VOTING INFORMATION

Why am I receiving these materials?

The Board of Directors (the Board) of Ameris Bancorp (the Company) has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the solicitation of proxies by and on behalf of the Board for use at the Company s Annual Meeting of Shareholders (the Annual Meeting) to be held at the Company s offices located at 24 Second Avenue Southeast, Moultrie, Georgia, on Tuesday, May 16, 2017, at 9:30 a.m., local time, and any adjournment or postponement thereof. These materials were first made available to shareholders on April 3, 2017. Shareholders of the Company are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

What is included in these materials?

These materials include:

the Company s Proxy Statement; and

the Company s 2016 Annual Report to Shareholders, which includes the Company s audited consolidated financial statements.

If you request printed versions of these materials by mail, these materials will also include the proxy card for the Annual Meeting.

What am I voting on?

You will be voting on each of the following:

the election of three Class II directors for a three-year term of office;

the ratification of the appointment of Crowe Horwath LLP (Crowe Horwath) as the Company s independent registered public accounting firm for 2017;

the advisory approval of the Company s executive compensation; and

any other business that may properly come before the Annual Meeting or any adjournment or postponement thereof.

As of the date of this Proxy Statement, the Board knows of no other matters that will be brought before the Annual Meeting.

You may not cumulate your votes for any matter being voted on at the Annual Meeting, and you are not entitled to appraisal or dissenters rights.

Why did I receive a one-page notice in the mail or e-mail notification regarding the Internet availability of proxy materials instead of a full set of proxy materials?

Pursuant to rules adopted by the U.S. Securities and Exchange Commission (the SEC), the Company has provided access to its proxy materials over the Internet. Accordingly, the Company is sending a Notice of Internet Availability of Proxy Materials (the Notice) to shareholders of record and beneficial owners. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice, free of charge, or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, shareholders may request to receive proxy materials electronically by e-mail on an ongoing basis.

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How can I get electronic access to the proxy materials?

The Notice provides you with instructions regarding how to:

- view proxy materials for the Annual Meeting on the Internet and execute a proxy; and
- instruct the Company to send future proxy materials to you electronically by e-mail.

Choosing to receive future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the impact of its annual meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Who can vote?

You may vote if you owned shares of the Company s common stock, $1.00 par value per share (the Common Stock), as of the close of business on March 7, 2017, the record date for the Annual Meeting (the Record Date). As of the Record Date, there were 37,131,292 shares of Common Stock outstanding and entitled to vote.

How do I vote?

You have four voting options. You may vote using one of the following methods:

- over the Internet, which you are encouraged to do if you have access to the Internet;
- by telephone;
- for those shareholders who request to receive a paper proxy card in the mail, by completing, signing and returning the proxy; or
- by attending the Annual Meeting and voting in person.

The Notice provides instructions on how to access your proxy card, which contains instructions on how to vote via the Internet or by telephone. For those shareholders who request to receive a paper proxy card in the mail, instructions for voting via the Internet, by telephone or by mail are set forth on the proxy card. Please follow the directions on your proxy card carefully.

Can I vote at the Annual Meeting?

You may vote your shares at the Annual Meeting if you attend in person. Even if you plan to be present at the Annual Meeting, you are encouraged to vote your shares by proxy. You may vote your proxy via the Internet, by telephone or by mail. Even if you have already voted your shares by proxy, you may change your vote and vote your shares at the Annual Meeting if you attend in person.

What if my shares are registered in more than one person s name?

If you own shares that are registered in the name of more than one person, each person must sign the proxy. If an attorney, executor, administrator, trustee, guardian or any other person signs the proxy in a representative capacity, the full title of the person signing the proxy should be given and a certificate should be furnished showing evidence of appointment.

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What if my shares are registered in more than one person s name?

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What does it mean if I receive more than one Notice?

If you receive more than one Notice, then you have multiple accounts with brokers or the Company s transfer agent. Please vote all of these shares. It is recommended that you contact your broker or the Company s transfer agent, as applicable, to consolidate as many accounts as possible under the same name and address. The Company s transfer agent is Computershare Investor Services, which may be contacted by telephone at (800) 568-3476.

Can I change my mind after I vote?

You may change your vote at any time before the polls close at the Annual Meeting. You may do this by using one of the following methods:

- voting again by telephone or over the Internet prior to 1:00 a.m., Eastern Daylight Time, on May 16, 2017;
- giving written notice to the Company s Corporate Secretary at the address indicated on the first page of this Proxy Statement;
- delivering a later-dated proxy; or
- voting in person at the Annual Meeting.

How many votes am I entitled to?

All holders of Common Stock are entitled to cast one vote per share held as of the Record Date.

How many votes must be present to hold the Annual Meeting?

In order for the Company to conduct the Annual Meeting, the holders of a majority of the shares of Common Stock outstanding and entitled to vote as of the Record Date must be present at the Annual Meeting. This is referred to as a quorum. Your shares will be counted as present at the Annual Meeting if you do one of the following:

- vote via the Internet or by telephone;
- return a properly executed proxy by mail (even if you do not provide voting instructions); or
- attend the Annual Meeting and vote in person.

How many votes are needed to elect directors?

Directors will be elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the Annual Meeting, meaning that the three Class II nominees receiving the most votes will be elected as Class II directors.

How many votes are needed to ratify the appointment of Crowe Horwath as the Company s independent registered public accounting firm for 2017 or to approve the advisory vote on executive compensation?

Approval of each of these proposals requires the affirmative vote in favor of such proposal of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting.

How many votes are needed for other matters that may be brought before the Annual Meeting?

The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve any other matter that properly comes before the Annual Meeting. The Board knows of no other matters that will be brought before the Annual Meeting. If other matters are properly introduced, the persons named in the proxy as the proxy holders will vote on such matters in their discretion.

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Will my shares be voted if I do not provide my proxy?

Your shares may be voted under certain circumstances if they are held in the name of a brokerage firm. Brokerage firms have the authority under stock exchange rules to vote customers unvoted shares on routine matters, which include the ratification of the appointment of the Company s independent registered public accounting firm. Accordingly, if a brokerage firm votes your shares on these matters in accordance with these rules, your shares will count as present at the Annual Meeting for purposes of establishing a quorum and will count as for votes or against votes, as the case may be, with respect to all routine matters voted on at the Annual Meeting. If you hold your shares directly in your own name, they will not be voted if you do not vote them or provide a proxy. If a brokerage firm signs and returns a proxy on your behalf that does not contain voting instructions, your shares will count as present at the Annual Meeting for quorum purposes and will count as a for vote for the appointment of Crowe Horwath as the Company s independent registered public accounting firm for 2017, but your shares will not count as a for vote or a withhold vote on the election of the director nominees named in this Proxy Statement and will not be counted as an advisory vote on executive compensation. These are referred to as broker non-votes. Questions regarding these procedures may be directed to the Corporate Secretary at the address indicated on the first page of this Proxy Statement.

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PROPOSAL 1 ELECTION OF DIRECTORS

The business and affairs of the Company are managed under the direction of the Board in accordance with the Georgia Business Corporation Code, subject to any limitations set forth in the Company s Articles of Incorporation and Bylaws. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Company. The Company s executive officers are appointed annually by the Board and serve at the discretion of the Board, subject to applicable employment agreements.

The Company has a classified board of directors currently consisting of three Class I directors (Edwin W. Hortman, Jr., Daniel B. Jeter, who currently serves as Chairman of the Board, and William H. Stern), three Class II directors (William I. Bowen, Jr., Robert P. Lynch and Elizabeth A. McCague) and three Class III directors (R. Dale Ezzell, Leo J. Hill and Jimmy D. Veal). The Class II directors currently serve until the Annual Meeting, and the Class I and Class III directors currently serve until the annual meetings of shareholders to be held in 2019 and 2018, respectively. After the Annual Meeting, the Class I, Class II and Class III directors will serve until the annual meetings of shareholders to be held in 2019, 2020 and 2018, respectively, and until their respective successors are duly elected and qualified.

At each annual meeting of shareholders, directors are duly elected for a full term of three years to succeed those whose terms are expiring, although directors may be elected for shorter terms in certain instances, such as filling a vacancy in a particular class of directors. Vacancies on the Board and newly created directorships also can generally be filled by a vote of a majority of the directors then in office. The Company s Bylaws require each director to retire at the annual meeting of the Company s shareholders following the date that he or she reaches age 70.

At the Annual Meeting, shareholders are being asked to re-elect Messrs. Bowen and Lynch and Ms. McCague to serve as Class II directors until the 2020 annual meeting of shareholders and until their successors are duly elected and qualified.

Proxies cannot be voted at the Annual Meeting for a greater number of persons than the number of nominees named.

Unless otherwise directed, the persons named as proxies and attorneys in the enclosed form of proxy intend to vote FOR the election of all nominees as directors for the ensuing term and until their successors are duly elected and qualified. If any such nominee for any reason should not be available as a candidate for director, votes will be cast pursuant to authority granted by the enclosed proxy for such other candidate or candidates as may be nominated by the Board. The Board is unaware of a nominee who is unable to serve as a director or will decline to serve as a director, if elected.

The following sets forth certain information, as of the Record Date, for the Class II nominees:

William I. Bowen, Jr. (age 52) has served as a director of the Company and as a director of Ameris Bank, the Company s wholly-owned banking subsidiary (the Bank), since November 2014. Mr. Bowen resides in our Tifton, Georgia market, and he currently serves as Chairman of the community board of the Bank for that market. He has served as a member of the community board since 2012. Mr. Bowen is a partner and the President of Bowen Donaldson Home for Funerals. He also serves as managing partner of Bowen Farming Enterprises, LLC, a timber, cattle, cotton and peanut farming operation, Bowen Land and Timber, LLC, Bowen Family Partnership and Fulwood Family Partnership, a farming and real estate development firm. Mr. Bowen holds a bachelor s degree in business administration from the University of Georgia. His extensive business experience and knowledge of the local economy, as well as his expertise in the real estate and farming industries, make Mr. Bowen a valuable resource for the Board.

Robert P. Lynch (age 53) has served as a director of the Company since 2000 and as a director of the Bank since February 2006. Mr. Lynch is the Vice President and Chief Financial Officer of Lynch Management Company, which owns and manages six automobile dealerships located in the Southeast. He has been with Lynch Management Company for more than 30 years. Mr. Lynch s family also owns and operates Shady Dale Farm, a beef cattle operation located in Shady Dale, Georgia. He holds a bachelor s degree in business administration from the University of Florida. Mr. Lynch resides in our Jacksonville, Florida market and currently serves as a member of the community board of the Bank for that market. His business experience is

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extensive and varied, which gives him a firsthand understanding of the adversities faced by not only the Company but also its commercial customers. This understanding informs his service as a director and is a key benefit to the Board.

Elizabeth A. McCague (age 67) has served as a director of the Company and the Bank since August 2016. Ms. McCague previously served as a consultant for the Jacksonville Police and Fire Pension Fund, where she was responsible for the management of the $1.6 billion pension portfolio and the administration of benefits. Additionally, Ms. McCague provides mediation services for resolution of financial disputes through her business, McCague & Company, LLC. Ms. McCague currently serves on the UF Health Hospital Jacksonville board as the chair of the finance committee and will continue to serve in this capacity through 2018. She has previously served as co-chair of the University of Florida Capital Campaign, a six-year, $1.5 billion effort, and chair of the North Florida Bank s Advisory Board. She was also formerly the Chief Operating Officer of a software development company. She holds a bachelor s degree in business administration from the University of Florida and a master of business administration degree from Jacksonville University. She resides in the Jacksonville, Florida market. Ms. McCague s business experience is extensive and diverse, which provides valuable insight for the Bank and its customers.

The Board recommends a vote FOR the election of the nominated directors. Proxies will be voted FOR the election of the three nominees discussed above unless otherwise specified.

The following sets forth certain information, as of the Record Date, for all other directors of the Company, whose terms of office will continue after the Annual Meeting:

R. Dale Ezzell (age 67) has served as a director of the Company and as a director of the Bank since May 2010. Mr. Ezzell served as a director of Southland Bank, formerly a wholly-owned subsidiary of the Company, from 1983 until the merger of Southland Bank into the Bank in 2006. He also served as Southland Bank s Chairman from 1995 until such merger. Mr. Ezzell currently serves as Chairman of the Bank s community board in Dothan, Alabama. Mr. Ezzell is the founder and owner of Wisecards Printing and Mailing, a direct mail advertising business in Abbeville, Alabama. Prior to establishing Wisecards in 2001, he served as President and Chief Executive Officer of Ezzell s Inc., which operated several department stores in southeast Alabama and southwest Georgia, from 1987 to 2000. Mr. Ezzell holds a bachelor s degree in engineering from Auburn University and resides in the Abbeville, Alabama market. His years as a director of a subsidiary bank, along with his varied business and practical experience, give him a valuable understanding of the issues faced by the Company and its customers. Mr. Ezzell s term expires in 2018.

Leo J. Hill (age 61) has served as a director of the Company and as a director of the Bank since January 2013. Mr. Hill is the owner of Advisor Network Solutions, LLC, a consulting services firm, and currently serves as Lead Independent Director of Transamerica Mutual Funds. Prior to his service with Transamerica, Mr. Hill held various positions in banking, including Senior Vice President and Senior Loan Administration Officer for Wachovia Bank of Georgia s southeastern corporate lending unit, President and Chief Executive Officer of Barnett Treasure Coast Florida with Barnett Banks and Market President of Sun Coast Florida with Bank of America. He has a bachelor s degree in management and a master s degree in finance, both from Georgia State University, and he has completed Louisiana State University s Graduate School of Banking. Mr. Hill is involved with the Investment Company Institute, the Conference of Fund Leaders, the National Association of Corporate Directors and the Institute for Independent Business. With his wide-ranging professional and banking background, he brings a wealth of business and management experience to the Board. Mr. Hill s term expires in 2018.

Edwin W. Hortman, Jr. (age 63) has served as a director of the Company since November 2003 and as a director of the Bank since February 2006. Mr. Hortman has also served as President and Chief Executive Officer of the Company since January 2005. From November 2003 through December 2004, he served as President and Chief Operating Officer of the Company, and from 2002 to 2003, he served as Executive Vice President and North Regional Executive

of the Company. From 1998 through 2003, Mr. Hortman served as President and Chief Executive Officer of Citizens Security Bank, formerly a wholly-owned subsidiary of the Company. Mr. Hortman also served as a director of Citizens Security Bank from 1998 to 2004. In addition, he served as a director of Central Bank & Trust, Southland Bank, First National Bank of South Georgia and Merchants & Farmers Bank, formerly wholly-owned subsidiaries of the Company, from 2002 to 2004.

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Mr. Hortman also serves as Chairman of the Georgia Bankers Association Insurance Trust. He holds bachelor s and master s degrees in business administration, with emphasis in accounting and finance, from the University of Georgia. He is also a graduate of the Graduate School of Banking of the South at Louisiana State University. Having served as Chief Executive Officer of the Company for more than ten years, after successfully serving as a banking executive in other capacities for much of his career, Mr. Hortman brings not only extensive experience in banking and executive management to the Board, but also an intimate knowledge of the Company s day-to-day business and operations. Mr. Hortman s term expires in 2019.

Daniel B. Jeter (age 65) has served as a director of the Company since 1997 and as a director of the Bank since 2002. He has been Chairman of the Board of the Company and of the Board of Directors of the Bank since May 2007. He also serves on the community bank board for the Company s Moultrie, Georgia market. Mr. Jeter is the Chairman and co-owner of Standard Discount Corporation, a family-owned consumer finance company. He joined Standard in 1979 and is an officer and director of each of Standard s affiliates, including Colquitt Loan Company, Globe Loan Company of Hazelhurst, Globe Loan Company of Tifton, Globe Loan Company of Moultrie, Peach Finance Company, Personal Finance Service of Statesboro and Globe Financial Services of Thomasville. He is co-owner of Classic Insurance Company and President of Cavalier Insurance Company, both of which are re-insurance companies. Mr. Jeter is also a partner in a real estate partnership that develops owner-occupied commercial properties for office and professional use. He serves as a director and an officer of the Georgia Industrial Loan Corporation and as a director of Allied Business Systems. He received a bachelor s degree in business administration from the University of Georgia. Mr. Jeter s extensive experience in financial services, with a particular emphasis on lending activities, gives him invaluable insight into, and affords him a greater understanding of, the Company s operations in his service as Chairman of the Board. As a long-tenured member of the Board, he has been closely involved in the Company s expansion into new markets in recent years. Mr. Jeter s term expires in 2019.

William H. Stern (age 60) has served as a director of the Company and as a director of the Bank since November 2013. Mr. Stern currently serves as Chairman of the Bank s community board for the State of South Carolina. Mr. Stern has been President and Chief Executive Officer of Stern & Stern Associates, a real estate development firm doing work throughout the Southeast, since 1980. He currently serves as Chairman Emeritus of the Board of the South Carolina State Ports Authority and as a member of the board of the South Carolina Coordinating Council for Economic Development. His knowledge of the real estate industry, in addition to his extensive business experience and economic background, makes Mr. Stern a valuable resource for the Board. Mr. Stern s term expires in 2019.

Jimmy D. Veal (age 68) has served as a director of the Company and as a director of the Bank since May 2008. Mr. Veal was a founding director of Golden Isles Financial Holdings, Inc., which was the corporate parent of The First Bank of Brunswick prior to its acquisition by the Company and subsequent merger into the Bank. He served as a director of both Golden Isles Financial Holdings, Inc. and The First Bank of Brunswick from their inception in 1989 until their acquisition by the Company in 2001 and as Vice Chairman of both companies from 1996 until 2001. Mr. Veal currently serves as Chairman of the Bank s community Board for the Southeast Georgia Coast. Mr. Veal has been active in the hospitality industry for over 35 years. Together with his family, he currently owns and operates Beachview Tent Rentals, Inc. in Brunswick, Georgia. He is also active in various real estate and timberland ventures in Glynn County, Georgia and Camden County, Georgia. In addition to his experience in banking, he has gained knowledge of many and varied industries and sectors of the economy, which provides him a unique and beneficial perspective for his service on the Board. Mr. Veal s term expires in 2018.

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BOARD AND COMMITTEE MATTERS

Director Independence

Each member of the Board, other than Mr. Hortman, is independent, as defined for purposes of the rules of the SEC and the listing standards of The NASDAQ Stock Market (NASDAQ). For a director to be considered independent, the Board must determine that the director does not have a relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making this determination, the Board will consider all relevant facts and circumstances, including any transactions or relationships between the director and the Company or its subsidiaries.

Committees of the Board

Executive Committee

The Executive Committee is currently comprised of four directors, only one of whom is a current or former employee of the Company. The current members of the Executive Committee are Messrs. Hortman, Jeter (Chairman), Lynch and Veal. The Executive Committee is authorized to exercise all of the powers of the Board, except the power to declare dividends, elect directors, amend the Company s Bylaws, issue stock or recommend any action to the Company s shareholders.

Compensation Committee

The Compensation Committee is currently comprised of four directors Messrs. Hill (Chairman), Jeter, Lynch and Stern none of whom is a current or former employee of the Company or any of its subsidiaries and all of whom are independent directors of the Company. The duties of the Compensation Committee, which operates under a written charter, are generally to establish the compensation for the Company s executive officers and to act on such other matters relating to compensation as it deems appropriate, including an annual evaluation of the Company s Chief Executive Officer and the design and oversight of all compensation and benefit programs in which the Company s employees and officers are eligible to participate. Additional information regarding the Compensation Committee s processes and procedures for consideration of executive officer compensation is provided in the Compensation Discussion and Analysis included in this Proxy Statement. The complete text of the Compensation Committee charter is available on the Company s website at *www.amerisbank.com*.

Audit Committee

The Audit Committee is currently comprised of five directors, none of whom is a current or former employee of the Company and all of whom are independent directors of the Company. The current members of the Audit Committee are Ms. McCague and Messrs. Bowen, Ezzell, Lynch (Chairman) and Veal. The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Audit Committee, which operates under a written charter, represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries. Its primary functions include monitoring the integrity of the Company s financial statements, system of internal controls and compliance with regulatory and legal requirements; monitoring the independence, qualifications and performance of the Company s independent registered public accounting firm and internal auditing services; and providing a vehicle for communication among the independent registered public accounting firm, management, internal audit and the Board.

The complete text of the Audit Committee charter is available on the Company s website at *www.amerisbank.com*.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is currently comprised of four directors, none of whom is a current or former employee of the Company and all of whom are independent directors of the Company. The members of the Corporate Governance and Nominating Committee are Messrs. Bowen, Ezzell, Hill and Veal (Chairman). Pursuant to its written charter, the Corporate Governance and Nominating Committee is responsible for considering, and making recommendations to the Board regarding, the size and composition of the Board, recommending and nominating candidates to fill Board vacancies that may occur and recommending to the Board the director nominees for whom the Board will solicit proxies. Additional information regarding the Corporate Governance and Nominating Committee s processes and procedures is

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provided under the heading Identifying and Evaluating Nominees in this Proxy Statement. The complete text of the Corporate Governance and Nominating Committee charter is available on the Company s website at *www.amerisbank.com*.

Board and Committee Meetings

The following table provides a summary of the membership of the Board and its committees during 2016, together with information regarding the number of meetings held during 2016.

Director Name	Independent Director[1]	Ameris Bancorp Board	Ameris Bank Board	Audit	Compensation	Executive	Corporate Governance/ Nominating
William I. Bowen, Jr.	Yes	Member	Member	Member			Member
R. Dale Ezzell	Yes	Member	Member	Member			Member
Leo J. Hill	Yes	Member	Member		Chair		Member
Edwin W. Hortman, Jr.	No	Member	Member			Member	
Daniel B. Jeter	Yes	Chair	Chair		Member	Chair	
Robert P. Lynch[2]	Yes	Member	Member	Chair	Member	Member	
Elizabeth A. McCague[3]	Yes	Member	Member	Member			
William H. Stern	Yes	Member	Member		Member		
Jimmy D. Veal	Yes	Member	Member	Member		Member	Chair
Number of Meetings		11	11	7	9	0	6

(1) Independent for purposes of the rules of the SEC, the listing standards of NASDAQ and Section 162(m) of the Internal Revenue Code.

(2) In addition to his chair role, Mr. Lynch serves as the financial expert for the Audit Committee.

(3) Ms. McCague was appointed a director and became a member of the Audit Committee on August 16, 2016.

Each director attended at least 75% of all meetings of the full Board and of those committees on which he or she served and was eligible to attend in 2016. Additionally, the independent directors met in executive sessions, without any members of management or other employees, four times in 2016. These executive sessions allow the Board to review key decisions and discuss matters in a manner that is independent of management.

The Company s 2016 annual meeting of shareholders was attended by all members of the Board. Directors are expected to attend annual meetings of shareholders absent exceptional cause.

Identifying and Evaluating Nominees

With respect to the nomination process, the Corporate Governance and Nominating Committee reviews the composition and size of the Board to ensure that it has the proper expertise and independence; determines the criteria for the selection of Board members and Board committee members; plans for continuity on the Board as existing Board members retire, whether at age 70 or earlier, or rotate off the Board; establishes criteria for qualifications as independent directors, consistent with applicable laws and listing standards; maintains a file of suitable candidates for consideration as nominees to the Board; reviews Board candidates recommended by shareholders in compliance with all director nomination procedures for shareholders; and recommends to the Board the slate of nominees of directors to be elected by the shareholders and any directors to be elected by the Board to fill vacancies.

The Corporate Governance and Nominating Committee has not established specific minimum age, education, years of business experience or specific types of skills for potential candidates but, in general, expects qualified candidates will have ample experience and a proven record of business success and leadership. Director candidates will be evaluated based on their financial literacy, business acumen and experience, independence for purposes of compliance with SEC and NASDAQ rules and willingness, ability and availability for service. In addition, the Corporate Governance and Nominating Committee requires that each Board candidate have the highest personal and professional ethics, integrity and values, including respectfulness, honesty and a commitment to teamwork and high standards consistent with the core values of

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the Company, and consistently exercise sound and objective business judgment. It is also anticipated that the Board as a whole have individuals with significant appropriate senior management or other leadership experience, a long-term and strategic perspective and the ability to advance constructive debate.

The Corporate Governance and Nominating Committee has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees. In determining whether to recommend a director nominee, the members of the Corporate Governance and Nominating Committee consider and discuss diversity, among other factors, with a view toward the role and needs of the Board as a whole. When identifying and recommending director nominees, the members of the Corporate Governance and Nominating Committee generally view diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint and perspective, professional experience, education, skill and other qualities or attributes that together contribute to the functioning of the Board. The Corporate Governance and Nominating Committee believes that the inclusion of diversity as one of many factors considered in selecting director nominees is consistent with the goal of creating a Board that best serves the needs of the Company and the interests of its shareholders.

The Corporate Governance and Nominating Committee has performed a review of the experience, qualifications, attributes and skills of the Company s current directors and nominees and believes that such persons possess a variety of complementary skills and characteristics, including the following:

personal characteristics, including leadership, character, integrity, accountability, sound business judgment and personal reputation;
successful business or professional experience;
various areas of expertise or experience, including financial, strategic and general management;
expertise or experience in various industries, including banking and financial services, hospitality, consumer finance, automotive, real estate, timber, agricultural and mediation services;
residence in the Bank s market areas;
willingness and ability to commit the necessary time to fully discharge the responsibilities of a director in connection with the affairs of the Company; and
a demonstrated commitment to the success of the Company.

For a discussion of the specific backgrounds and qualifications of our current directors and nominees, see Proposal 1 Election of Directors in this Proxy Statement.

Although the Corporate Governance and Nominating Committee has authority to retain a search firm or consultant to assist in identifying director candidates, to date no such search firm or consultant has been engaged. Additionally, the Corporate Governance and Nominating Committee would consider any director candidate proposed by any shareholder of record who has given timely written notice to the Corporate Secretary as required by Article III, Section 2(b) of the Company s Bylaws. The proposing shareholder s notice to the Corporate Secretary must set forth the information required by such section, including the director candidate s name, credentials, contact information and his or her consent to be considered as a director candidate, as well as the proposing shareholder s own contact information and a statement of his or her share ownership (how many shares held and for how long). To be timely, a proposing shareholder s notice must be received at the Company s principal executive office no later than the date determined in accordance with the Company s Bylaws. There are no differences in the manner in which the Corporate Governance and Nominating Committee evaluates director candidates it identifies and candidates who are recommended for nomination for membership on the Board by a shareholder.

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Board Leadership Structure and Role in Risk Oversight

The Company is committed to having sound corporate governance principles and practices, and independent board oversight is valued as an essential component of our corporate governance framework. Our commitment to independent oversight is demonstrated by the fact that all of our directors, except our Chief Executive Officer, are independent. In addition, all of the members of the Board s Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are independent.

The Company currently has an independent, non-executive Chairman separate from the Chief Executive Officer. The Board believes that this structure enhances (i) its oversight of, and independence from, management, (ii) its ability to carry out its role and responsibilities on behalf of the Company s shareholders and (iii) the Company s overall corporate governance. While the Board believes that having an independent Chairman is the most appropriate leadership structure for the Board at this time, the Board retains the flexibility to revise this structure in the future based upon its assessment of the Company s needs.

The Audit Committee is primarily responsible for overseeing the Company s risk management processes on behalf of the full Board, although the Board and all of its committees are sensitive to risks relating to the Company and its operations. The Audit Committee focuses on financial reporting risk, oversees the entire audit function and evaluates the effectiveness of internal and external audit efforts. It receives reports from management regularly regarding the Company s assessment of risks and the adequacy and effectiveness of internal control systems. Through its interaction with the Company s Chief Risk Officer, the Audit Committee oversees credit risk, market risk (including liquidity and interest rate risk) and operational risk (including compliance and legal risk). Our Chief Risk Officer meets with the Audit Committee as necessary to discuss potential risk or control issues. In addition, our external auditors meet at least quarterly with the Audit Committee in executive session to discuss potential risk and control issues involving the Company. The Audit Committee reports regularly to the full Board, which also considers the Company s entire risk profile, including additional strategic and reputational risks. While the Board oversees the Company s risk management, management is responsible for the day-to-day risk management processes. We believe that this division of responsibility is the most effective approach for addressing the risks facing the Company; however, we will continue to re-examine our Board leadership structure on a regular basis, recognizing that different structures may be appropriate in different situations faced by the Company.

Director Reviews and Education

The Board conducts a self-assessment annually, and individual directors are separately evaluated each year in connection with director performance reviews. The Corporate Governance and Nominating Committee reviews and discusses with the Board the results of these annual assessments.

Director education is an essential component of good governance and effective compliance practices for financial institutions. It increases the likelihood of retaining good directors and attracting more highly skilled candidates to serve on the boards of banks. The Board s monthly meetings include an educational and strategic session focused on a variety of topics, such as legislative and regulatory developments, important banking industry trends and fundamental bank directorship knowledge. In addition, our corporate counsel updates the Board as appropriate on relevant developments with respect to corporate governance matters.

Reflecting our commitment to principles of director education, in August 2016, Mr. Jeter attended the Crowe Horwath Growth and Profitability Conference. In September 2016, Mr. Lynch completed a continuing professional education seminar provided by Crowe Horwath that addressed the implementation of a framework for transitioning to the CECL

(current expected credit losses) standard and the development of a roadmap for successful implementation.

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In October 2016, Messrs. Bowen, Ezzell, Lynch and Veal participated in Crowe Horwath s webinar entitled Accounting and Regulatory Overview for Financial Institutions for Audit Committee members. This webinar was provided as an overview for financial institution audit committee members of their responsibilities relating to financial reporting and regulatory developments. Participation in the training provided discussions on the latest financial reporting developments and related requirements affecting financial institutions, including the latest developments on non-GAAP measures and developments from the FASB, PCAOB and SEC. Highlights of the AICPA National Conference on Banks and Savings Institutions and recognition of the latest regulatory developments and related requirements were also reviewed.

Also in October 2016, Mr. Hill attended a conference on bank executive and board compensation. This program s agenda offered guidance into topics such as talent acquisition, compensation strategies, board responsibilities and industry trends and also involved discussion of compensation strategy that fits culture, business goals and risks, embracing industry perspectives and equity plan matters.

Compensation Committee Interlocks and Insider Participation

None of Messrs. Hill, Jeter, Lynch or Stern, each of whom is a member of the Compensation Committee, is or has been an officer or employee of the Company.

Communication with the Board and its Committees

Our shareholders may communicate with the Board by directing correspondence to the Board, any of its committees or one or more individual members, in care of the Corporate Secretary, Ameris Bancorp, 310 First Street, S.E., Moultrie, Georgia 31768. The Corporate Secretary will forward such correspondence to the persons to whom it is addressed.

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COMPENSATION OF DIRECTORS

The objectives of our non-employee director compensation program are to attract highly qualified individuals to serve on the Board and to appropriately align the interests of the Company s directors with those of our shareholders. The Compensation Committee reviews the director compensation program periodically to ensure that it continues to meet these objectives. In order to determine whether the director compensation program is competitive, the Compensation Committee considers peer group and general market information on program design provided by its independent compensation consultant, as well as the significant amount of time that directors expend in fulfilling their duties to the Company and the skill level required by members of the Board. Prior to compensation adjustments made in May 2016, directors, including committee chairs, were paid an annual retainer of $89,000.

Effective May 2016, director compensation is comprised of the following components:

Annual Cash Retainer each director receives an annual cash retainer of $50,000, and the non-executive Chairman of the Board receives an additional annual cash retainer of $15,000
Annual Equity Retainer each director receives an annual award of $50,000 of time-based restricted stock that vests after one year
Committee Fees the chair of each committee (other than the Executive Committee) receives an additional annual cash retainer of $10,000

The following Director Compensation Table sets forth the total compensation earned by directors for the fiscal year ending December 31, 2016. Directors who are also named executive officers are not included in the table below. Compensation paid to named executive officers for their service in a director capacity is presented in the supplementary table to the Summary Compensation Table included in this Proxy Statement.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
William I. Bowen, Jr.[1]	$69,500	$50,003	$	$	$	$	$119,503
R. Dale Ezzell[1]	$71,900	$50,003	$	$	$	$	$121,903
Leo J. Hill[1]	$74,500	$50,003	$	$	$	$	$124,503
Daniel B. Jeter[1]	$79,400	$50,003	$	$	$	$	$129,403
Robert P. Lynch[1]	$76,900	$50,003	$	$	$	$	$126,903
Elizabeth A. McCague[2][3]	$16,667	$37,509	$	$	$	$	$54,176
William H. Stern[1]	$69,500	$50,003	$	$	$	$	$119,503
Jimmy D. Veal[1]	$74,500	$50,003	$	$	$	$	$124,503

(1) The stock award figure represents the fair value of the stock awards as calculated in accordance with U.S. generally accepted accounting principles. The shares were issued May 18, 2016 and the fair value was $31.00 per share. The shares vest on the earlier of May 18, 2017 and the date of the Company s 2017 annual shareholders meeting, provided that the grantee continues to serve as a director of the Company through the vesting date.
(2) Ms. McCague was appointed to serve on the Board of Directors of the Company and the Bank on August 16, 2016.
(3)

The stock award figure represents the fair value of the stock awards as calculated in accordance with U.S. generally accepted accounting principles. The value of the stock grant amount reflects a pro-rata adjustment to the annual $50,000 stock retainer to reflect partial service from August 16, 2016 through the next shareholder meeting in 2017. The shares were issued August 16, 2016 and the fair value was $33.49 per share. The shares vest on the earlier of May 18, 2017 and the date of the Company s 2017 annual shareholders meeting, provided that Ms. McCague continues to serve as a director of the Company through the vesting date.

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EXECUTIVE OFFICERS

The following table sets forth certain information regarding each executive officer of the Company.

Name, Age and Term as Officer	Position	Principal Occupation for the Last Five Years and Other Directorships
Edwin W. Hortman, Jr., 63 Officer since 2002	President and Chief Executive Officer	President and Chief Executive Officer since January 2005; director since November 2003. President and Chief Operating Officer from November 2003 through December 2004. Executive Vice President and Regional Bank Executive for Northern Division from August 2002 through November 2003. President, Chief Executive Officer and Director of Citizens Security Bank from April 1998 to November 2003. Director of each subsidiary bank in the Northern Division from September 2002 through March 2004.
Dennis J. Zember Jr., 47 Officer since 2005	Executive Vice President, Chief Financial Officer and Chief Operating Officer	Executive Vice President and Chief Financial Officer since February 2005; Chief Operating Officer since June 2016. Senior Vice President and Treasurer of Flag Financial Corporation and Senior Vice President and Chief Financial Officer of Flag Bank from January 2002 to February 2005. Vice President and Treasurer of Century South Banks, Inc. from August 1997 to May 2001.
Andrew B. Cheney, 67 Officer since 2009	Executive Vice President and Chief Banking Executive	Executive Vice President and Chief Banking Executive of the Company and the Bank since February 2017. Chief Operating Officer of the Company from May 2009 through May 2016. Executive Vice President and Banking Group President of the Company from May 2009 through January 2017. President of the Bank from December 2010 through January 2017. Chief Operating Officer of the Bank from December 2010 through May 2016. Regional Executive for Florida and Coastal Georgia from February 2009 to May 2009. Florida Chairman from January 2008 to January 2009 and President from January 2000 to December 2007 with Mercantile Bank.

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s	Position	Principal Occupation for the Last Five Years and Other Directorships
48	Executive Vice President and Banking Group President	Banking Group President of the Company and President of the Bank since February 2017. Executive February 2016. Chief Banking Officer for Alabama and Georgia from February 2016 through Janua President and Market President from 2006 through January 2017. From 2003-2006 served as Preside Executive Officer of Citizens Security Bank, formerly a wholly-owned subsidiary of the Company.

from our asset management business and our authority over the assets managed by our asset manage violation of these obligations and standards by any of our employees would adversely affect our clie business often requires that we deal with confidential matters of great significance to companies in v our employees were improperly to use or disclose confidential information, we could suffer serious financial position and current and future business relationships. It is not always possible to detect or misconduct, and the extensive precautions we take to detect and prevent this activity may not be effe one of our employees were to engage in misconduct or were to be accused of such misconduct, our l reputation could be adversely affected.

In recent years, the U.S. Department of Justice and the U.S. Securities and Exchange Commission have devoted greater re the Foreign Corrupt Practices Act (FCPA). In addition, the United Kingdom has recently significantly expanded the rea While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our pe policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violate anti-bribery laws or other applicable anti-corruption laws could subject us to, among other things, civil and criminal penal disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of whi our business prospects, financial position or the market value of our common units.

In addition, we may also be adversely affected if there is misconduct by personnel of portfolio companies in which our fun financial fraud or other deceptive practices at our portfolio companies, or failures by personnel at our portfolio companies trade sanctions or other legal and regulatory requirements, could cause significant reputational and business harm to us. Su undermine our due diligence efforts with respect to such portfolio companies and could negatively affect the valuations of funds in such portfolio companies. In addition, we may face an increased risk of such misconduct to the extent our investm particularly emerging markets, increases.

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Poor performance of our investment funds would cause a decline in our revenue, income and cash flow, may obligate u previously paid to us, and could adversely affect our ability to raise capital for future investment funds.

In the event that any of our investment funds were to perform poorly, our revenue, income and cash flow would decline be under management would decrease, which would result in a reduction in management fees, and our investment returns wo reduction in the carried interest and incentive fees we earn. Moreover, we could experience losses on our investments of o of poor investment performance by our investment funds. Furthermore, if, as a result of poor performance of later investm fund does not achieve certain investment returns for the fund over its life, we will be obligated to repay the amount by whi previously distributed to us exceeds amounts to which we are ultimately entitled.

Poor performance of our investment funds could make it more difficult for us to raise new capital. Investors in carry funds future investment funds we raise and investors in hedge funds or other investment funds might withdraw their investments performance of the investment funds in which they are invested. Investors and potential investors in our funds continually performance, and our ability to raise capital for existing and future investment funds and avoid excessive redemption level investment funds continued satisfactory performance. Accordingly, poor fund performance may deter future investment decrease the capital invested in our funds and ultimately, our management fee revenue. Alternatively, in the face of poor fu could demand lower fees or fee concessions for existing or future funds which would likewise decrease our revenue. A sig sponsors have recently decreased the amount of fees they charged investors for managing existing or successor funds as a performance.

Our asset management business depends in large part on our ability to raise capital from third party investors. If we are from third party investors, we would be unable to collect management fees or deploy their capital into investments and transaction fees or carried interest, which would materially reduce our revenue and cash flow and adversely affect our

Our ability to raise capital from third party investors depends on a number of factors, including certain factors that are out factors, such as the performance of the stock market or the asset allocation rules or regulations or investment policies to w investors are subject, could inhibit or restrict the ability of third party investors to make investments in our investment fun which our investment funds invest. For example, during 2008 and 2009, many third party investors that invest in alternativ historically invested in our investment funds experienced significant volatility in valuations of their investment portfolios, decline in the value of their overall private equity, real estate, venture capital and hedge fund portfolios, which affected ou them. Coupled with a lack of realizations during that period from their existing private equity and real estate portfolios, m left with disproportionately outsized remaining commitments to a number of investment funds, which significantly limited commitments to third party managed investment funds such as those managed by us. Our ability to raise new funds could general appeal of private equity and alternative investments were to decline. An investment in a limited partner interest in illiquid and the returns on such investment may be more volatile than an investment in securities for which there is a more market. Private equity and alternative investments could fall into disfavor as a result of concerns about liquidity and short- concerns could be exhibited, in particular, by public pension funds, which have historically been among the largest invest Many public pension funds are significantly underfunded and their funding problems have been, and may in the future be, downturn. Concerns with liquidity could cause such public pension funds to reevaluate the appropriateness of alternative i amount of commitments investors are making to alternative investment funds has increased in recent years, there is no ass or that our ability to raise capital from investors will not be hampered.

In addition, certain institutional investors, including sovereign wealth funds and public pension funds, have demonstrated
alternatives to the traditional investment fund structure, such as managed accounts, smaller funds and co-investment vehic
assurance that such alternatives will be as profitable for us as the traditional investment fund structure, or as to the impact
the cost of our operations or profitability if we were to implement these alternative investment structures. Moreover, certa
demonstrating a preference to in-source their own investment professionals and to make direct investments in alternative a
of private equity advisers like us. Such institutional investors may become our competitors and could cease to be our clien
investors cease or significantly curtail making commitments to alternative investment funds, we may need to identify and
order to maintain or increase the size of our investment funds. Our recent and planned business initiatives include offering
products and the creation of investment products open to retail investors. There are no assurances that we can find or secu
new investors. If economic conditions were to deteriorate or if we are unable to find new investors, we might raise less tha
given fund. Further, as we seek to expand into other asset classes, we may be unable to raise a sufficient amount of capital
businesses. If we are unable to successfully raise capital, it could materially reduce our revenue and cash flow and adverse
condition.

In addition, in connection with raising new funds or making further investments in existing funds, we negotiate terms for s
with existing and potential investors. The outcome of such negotiations could result in our agreement to terms that are ma
than for prior funds we have managed or funds managed by our competitors. Such terms could restrict our ability to raise i
investment objectives or strategies that compete with existing funds, add additional expenses and obligations for us in ma
our potential liabilities, all of which could ultimately reduce our revenues. In addition, certain institutional investors have
fund fee and expense structures, including management fees and transaction and advisory fees. Although we have no oblig
fees with respect to our existing funds, we may experience pressure to do so in our funds. For example, we have confronte
confront requests from a variety of investors and groups representing investors to decrease fees, which could result in a re
carried interest and incentive fees we earn.

***Valuation methodologies for certain assets in our funds can be subject to significant subjectivity and the fair value of a
to such methodologies may never be realized, which could result in significant losses for our funds.***

There are often no readily ascertainable market prices for illiquid investments in our private equity, real estate and certain
We determine the value of the investments of each of our private equity, real estate and credit-focused funds at least quart
of such investments. The fair value of investments of a private equity, real estate or credit-focused fund is generally deter
methodologies described in the investment funds valuation policies.

Investments for which market prices are not observable include private investments in the equity of operating companies
values of such investments are determined by reference to projected net earnings, earnings before interest, taxes, deprecia
(EBITDA), the discounted cash flow method, public market or private transactions, valuations for comparable compan
in many cases, are unaudited at the time received. In determining fair values of real estate investments, we also consider p
flows, sales of comparable assets, if any, replacement costs and capitalization rates (cap rates) analyses. Valuations ma
observable valuation measures for comparable companies or assets (for example, multiplying a key performance metric of
asset, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions),
differences between the investment and the referenced comparables, and in some instances by reference to option pricing
methods. Additionally, where applicable, projected distributable cash flow through debt maturity will also be considered i
carrying value. In determining fair values of exploration and production (E&P) investments within the energy

sector, we consider the following: projected operating cash flows resulting from the utilization of third-party analysis of th
may from time to time be adjusted for management s view, combined with the forward strip price for the specific commo
Blackstone Energy Partner s long-term view of the commodity price in the outer years, sales of comparable assets, and re
may be derived by reference to observable valuation measures for comparable companies or assets (for example, multiplyi
metric of the investee company or asset, such as barrel of oil equivalent, or BOE, by a relevant reserve metric observed in
companies or transactions), adjusted by management for differences between the investment and the referenced comparabl
reference to other similar methods. Additionally, where applicable, given the structured nature of some of the preferred se
distributable cash flow through maturity or other triggering events will also be considered in support of the investment s c
valuation methodologies involve a significant degree of management judgment.

In certain cases debt and equity securities are valued on the basis of prices from an orderly transaction between market par
reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain
transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investm
relationships between investments.

The determination of fair value using these methodologies takes into consideration a range of factors including but not lim
investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for co
and projected operating performance and financing transactions subsequent to the acquisition of the investment. These val
involve a significant degree of management judgment. For example, as to investments that we share with another sponsor,
valuation methodology than the other sponsor does or derive a different value than the other sponsor has derived on the sa
differences might cause some investors to question our valuations.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid investments, the fair v
reflected in an investment fund s net asset value do not necessarily reflect the prices that would actually be obtained by us
fund when such investments are realized. Realizations at values significantly lower than the values at which investments h
fund net asset values would result in losses for the applicable fund, a decline in asset management fees and the loss of pote
incentive fees. Changes in values attributed to investments from quarter to quarter may result in volatility in the net asset v
operations and cash flow that we report from period to period. Also, a situation where asset values turn out to be materially
reflected in prior fund net asset values could cause investors to lose confidence in us, which would in turn result in difficul
funds or redemptions from our hedge funds.

***The historical returns attributable to our funds should not be considered as indicative of the future results of our funds
of any returns expected on an investment in our common units.***

The historical and potential future returns of the investment funds that we manage are not directly linked to returns on our
any continued positive performance of the investment funds that we manage will not necessarily result in positive returns
common units. However, poor performance of the investment funds that we manage would cause a decline in our revenue
and would therefore have a negative effect on our performance and in all likelihood the returns on an investment in our co

Moreover, with respect to the historical returns of our investment funds:

- we may create new funds in the future that reflect a different asset mix and different investment strategies, as
and industry exposure as compared to our present funds, and any such new funds could have different returns
previous funds,

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as the global markets rebounded from the financial crisis in recent years, market conditions were largely favor
generate positive performance, particularly in our private equity and real estate businesses, although there can
conditions will repeat or that our current or future investment funds will avail themselves of comparable mark

the rates of returns of our carry funds reflect unrealized gains as of the applicable measurement date that may
may adversely affect the ultimate value realized from those funds investments,

the rates of returns of our BCP and BREP funds in some years were positively influenced by a number of inve
rapid and substantial increases in value following the dates on which those investments were made, which ma
future investments,

in recent years, there has been increased competition for private equity investment opportunities resulting fro
increased amount of capital invested in alternative investment funds,

our investment funds returns in some years benefited from investment opportunities and general market con
themselves, our current or future investment funds might not be able to avail themselves of comparable invest
conditions, and the circumstances under which our current or future funds may make future investments may
those conditions prevailing in the past,

newly established funds may generate lower returns during the period in which they initially deploy their capi

the rates of return reflect our historical cost structure, which may vary in the future due to various factors enu
report and other factors beyond our control, including changes in laws.

The future internal rate of return for any current or future fund may vary considerably from the historical internal rate of r
particular fund, or for our funds as a whole. In addition, future returns will be affected by the applicable risks described el
including risks of the industries and businesses in which a particular fund invests.

Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive investments.

Many of our carry funds investments rely heavily on the use of leverage, and our ability to achieve attractive rates of retu
depend on our ability to access sufficient sources of indebtedness at attractive rates. For example, in many private equity i
may constitute as much as 70% or more of a portfolio company s or real estate asset s total debt and equity capitalizatio
incurred in connection with the investment. The absence of available sources of sufficient senior debt financing for extend
therefore materially and adversely affect our private equity and real estate businesses. In addition, in March 2013, the Fed
federal banking agencies issued updated leveraged lending guidance covering transactions characterized by a degree of fi
guidance may limit the amount or cost of financing we are able to obtain for our transactions, and as a result, the returns o
suffer. See Regulatory changes in the United States could adversely affect our business.

In addition, an increase in either the general levels of interest rates or in the risk spread demanded by sources of indebted
expensive to finance those businesses investments. Increases in interest rates could also make it more difficult to locate a
investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid f
due to a lower overall cost of capital or their ability to benefit from a higher amount of cost savings following the acquisit
a portion of the indebtedness used to finance private equity investments often includes high-yield debt securities issued in
Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when w
those markets at attractive rates, or at all, when completing an investment.

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Investments in highly leveraged entities are inherently more sensitive to declines in revenues, increases in expenses and in
economic, market and industry developments. The incurrence of a significant amount of indebtedness by an entity could, a

give rise to an obligation to make mandatory pre-payments of debt using excess cash flow, which might limit t
to changing industry conditions to the extent additional cash is needed for the response, to make unplanned bu
expenditures or to take advantage of growth opportunities,

limit the entity s ability to adjust to changing market conditions, thereby placing it at a competitive disadvanta
competitors who have relatively less debt,

allow even moderate reductions in operating cash flow to render it unable to service its indebtedness, leading t
reorganization of the entity and a loss of part or all of the equity investment in it,

limit the entity s ability to engage in strategic acquisitions that might be necessary to generate attractive retur

limit the entity s ability to obtain additional financing or increase the cost of obtaining such financing, includi
working capital or general corporate purposes.

As a result, the risk of loss associated with a leveraged entity is generally greater than for companies with comparatively lo
investments consummated by private equity sponsors during 2005, 2006 and 2007 that utilized significant amounts of leve
experienced severe economic stress and, in certain cases, defaulted on their debt obligations due to a decrease in revenues
by the subsequent economic downturn during 2008 and 2009.

When our BCP and BREP funds existing portfolio investments reach the point when debt incurred to finance those inves
amounts and must be either repaid or refinanced, those investments may materially suffer if they have generated insufficie
maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance matur
terms, or at all. If a limited availability of financing for such purposes were to persist for an extended period of time, when
debt incurred to finance our private equity and real estate funds existing portfolio investments came due, these funds cou
affected.

Many of the hedge funds in which our funds of hedge funds invest and our credit-focused funds, CLOs and CDOs may ch
of their respective investment programs and regularly borrow a substantial amount of their capital. The use of leverage pos
risk and enhances the possibility of a significant loss in the value of the investment portfolio. A fund may borrow money f
or carry securities or may enter into derivative transactions (such as total return swaps) with counterparties that have embe
expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities
will be lost and the timing and magnitude of such losses may be accelerated or exacerbated in the event of a decline in
securities. Gains realized with borrowed funds may cause the fund s net asset value to increase at a faster rate than would
borrowings. However, if investment results fail to cover the cost of borrowings, the fund s net asset value could also decr
been no borrowings.

Increases in interest rates could also decrease the value of fixed-rate debt investments that our investment funds make.

Any of the foregoing circumstances could have a material adverse effect on our financial condition, results of operations a

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The asset management business is intensely competitive.

The asset management business is intensely competitive, with competition based on a variety of factors, including investm
of service provided to clients, investor liquidity and willingness to invest, fund terms (including fees), brand recognition a
asset management business competes with a number of private equity funds, specialized investment funds, hedge funds, fu
other sponsors managing pools of capital, as well as corporate buyers, traditional asset managers, commercial banks, inves
financial institutions (including sovereign wealth funds), and we expect that competition will continue to increase. A numb
increase our competitive risks:

- a number of our competitors in some of our businesses have greater financial, technical, marketing and other r
personnel than we do,
- some of our funds may not perform as well as competitors funds or other available investment products,
- several of our competitors have significant amounts of capital, and many of them have similar investment obje
create additional competition for investment opportunities and may reduce the size and duration of pricing ine
alternative investment strategies seek to exploit,
- some of these competitors may also have a lower cost of capital and access to funding sources that are not ava
create competitive disadvantages for us with respect to investment opportunities,
- some of our competitors may be subject to less regulation and accordingly may have more flexibility to undert
businesses or investments than we can and/or bear less compliance expense than we do,
- some of our competitors may have more flexibility than us in raising certain types of investment funds under t
contracts they have negotiated with their investors,
- some of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds
consider a wider variety of investments and to bid more aggressively than us for investments that we want to m
- there are relatively few barriers to entry impeding new alternative asset fund management firms, and the succe
into our various businesses, including former star portfolio managers at large diversified financial institutio
themselves, is expected to continue to result in increased competition,
- some of our competitors may have better expertise or be regarded by investors as having better expertise in a s
geographic region than we do,
- our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an inves
provide them with a competitive advantage in bidding for an investment,

some investors may prefer to invest with an investment manager that is not publicly traded or is smaller with c
products that it manages, and

other industry participants will from time to time seek to recruit our investment professionals and other emplo
We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by c
we may experience decreased rates of return and increased risks of loss if we match investment prices, structures and term
Moreover, if we are forced to compete with other alternative asset managers on the basis of price, we may not be able to m
and carried interest terms. We have historically competed primarily on the performance of our funds, and not on the level c
relative to those of our competitors. However, there is a risk that fees and carried interest in the alternative investment mar
decline, without regard to the historical performance of a manager. Fee or carried interest income reductions on existing or
corresponding decreases in our cost structure, would adversely affect our revenues and profitability.

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In addition, the attractiveness of our investment funds relative to investments in other investment products could decrease
conditions. This competitive pressure could adversely affect our ability to make successful investments and limit our abilit
funds, either of which would adversely impact our business, revenue, results of operations and cash flow.

The due diligence process that we undertake in connection with investments by our investment funds may not reveal al in connection with an investment.

Before making investments in private equity and other investments, we conduct due diligence that we deem reasonable an
facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate im
business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisers, accountants and in
involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conduct
making an assessment regarding an investment, we rely on the resources available to us, including information provided b
investment and, in some circumstances, third party investigations. The due diligence investigation that we will carry out w
investment opportunity may not reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in
opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

In connection with the due diligence that our funds of hedge funds conduct in making and monitoring investments in third
on information supplied by third party hedge funds or by service providers to such third party hedge funds. The informatio
may not be accurate or complete and therefore we may not have all the relevant facts necessary to properly assess and mon
a particular hedge fund.

Our asset management activities involve investments in relatively high-risk, illiquid assets, and we may fail to realize an activities for a considerable period of time or lose some or all of our principal investments.

Many of our investment funds invest in securities that are not publicly traded. In many cases, our investment funds may be
by applicable securities laws from selling such securities for a period of time. Our investment funds will generally not be a
publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration is av
of our investment funds, particularly our BCP funds, to dispose of investments is heavily dependent on the public equity m
ability to realize any value from an investment may depend upon the ability to complete an initial public offering of the po
such investment is held. Even if the securities are publicly traded, large holdings of securities can often be disposed of onl
time, exposing the investment returns to risks of downward movement in market prices during the intended disposition per
investment strategy of many of our funds, particularly our private equity funds, often entails our having representation on
company boards, our funds may be restricted in their ability to effect such sales during certain time periods. Accordingly,
investment funds may be forced to either sell securities at lower prices than they had expected to realize or defer potenti
of time sales that they had planned to make. We have made and expect to continue to make significant principal investm
investment funds. Contributing capital to these investment funds is risky, and we may lose some or the entire principal am

We have engaged in large-sized investments, which involve certain complexities and risks that are not encountered in s investments.

Our BCP and BREP funds have invested and plan to continue to invest in large transactions. The size of these investments
complexities and risks that are not encountered in small- and medium-sized

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investments. For example, larger transactions may be more difficult to finance, and exiting larger deals may present challe
addition, larger transactions may entail greater scrutiny by regulators, labor unions and other third parties.

Larger transactions may be structured as consortium transactions due to the size of the investment and the amount of ca
consortium transaction involves an equity investment in which two or more private equity firms serve together or collectiv
participated in a significant number of consortium transactions in prior years due to the increased size of many of the trans
involved. Consortium transactions generally entail a reduced level of control by Blackstone over the investment because g
shared with the other private equity investors. Accordingly, we may not be able to control decisions relating to the investm
relating to the management and operation of the company and the timing and nature of any exit, which could result in the r
investment funds make investments in companies that we do not control.

Any of these factors could increase the risk that our larger investments could be less successful. The consequences to our i
unsuccessful larger investment could be more severe given the size of the investment.

We often pursue investment opportunities that involve business, regulatory, legal or other complexities.

As an element of our investment style, we may pursue unusually complex investment opportunities. This can often take th
business, regulatory or legal complexity that would deter other investment managers. Our tolerance for complexity presen
can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize
acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk
Any of these risks could harm the performance of our funds.

Our investment funds make investments in companies that we do not control.

Investments by most of our investment funds will include debt instruments and equity securities of companies that we do n
and securities may be acquired by our investment funds through trading activities or through purchases of securities from t
private equity and real estate funds may acquire minority equity interests (particularly in consortium transactions, as descr
large-sized investments, which involve certain complexities and risks that are not encountered in small- and medium-sized
dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the in
minority investment. Those investments will be subject to the risk that the company in which the investment is made may
management decisions with which we do not agree or that the majority stakeholders or the management of the company m
act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by our in
decrease and our financial condition, results of operations and cash flow could suffer as a result.

***We expect to make investments in companies that are based outside of the United States, which may expose us to additi
associated with investing in companies that are based in the United States.***

Many of our investment funds generally invest a significant portion of their assets in the equity, debt, loans or other securi
outside the United States, and we expect that international investments will increase as a proportion of certain of our funds
Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, includi

currency exchange matters, including fluctuations in currency exchange rates and costs associated with conver
and income from one currency into another,

less developed or efficient financial markets than in the United States, which may lead to potential price volati

the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure require
supervision and regulation,

changes in laws or clarifications to existing laws that could impact our tax treaty positions, which could advers
our investments,

a less developed legal or regulatory environment, differences in the legal and regulatory environment or enhar
compliance,

heightened exposure to corruption risk in non-U.S. markets,

political hostility to investments by foreign or private equity investors,

reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms,

higher rates of inflation,

higher transaction costs,

difficulty in enforcing contractual obligations,

fewer investor protections and less publicly available information in respect of companies in non-U.S. markets

certain economic and political risks, including potential exchange control regulations and restrictions on our n
repatriation of profits on investments or of capital invested, the risks of political, economic or social instability
expropriation or confiscatory taxation and adverse economic and political developments, and

the possible imposition of non-U.S. taxes or withholding on income and gains recognized with respect to such
There can be no assurance that adverse developments with respect to such risks will not adversely affect our assets that are
the returns from these assets.

***We may not have sufficient cash to pay back clawback obligations if and when they are triggered under the governin
investors.***

If, at the end of the life of a carry fund (or earlier with respect to certain of our real estate funds, real estate debt funds and
and/or opportunistic investment funds), as a result of diminished performance of later investments in any carry fund s life
achieved investment returns that (in most cases) exceed the preferred return threshold or (in all cases) the general partner r
(10% to 15% in the case of certain of our credit-focused and real estate debt carry funds, certain of our secondary funds of
multi-asset class investment funds) the fund s net profits over the life of the fund, we will be obligated to repay an amoun

carried interest that was previously distributed to us exceeds the amounts to which we are ultimately entitled on an after ta
known as a clawback obligation and is an obligation of any person who directly received such carried interest, including u
participate in our carried interest plans. Although a portion of any distributions by us to our unitholders may include any c
us, we do not intend to seek fulfillment of any clawback obligation by seeking to have our unitholders return any portion c
attributable to carried interest associated with any clawback obligation. To the extent we are required to fulfill a clawback
general partner may determine to decrease the amount of our distributions to common unitholders. The clawback obligatic
given carry fund s own net investment performance only and performance of other funds are not netted for determining th

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Adverse economic conditions may increase the likelihood that one or more of our carry funds may be subject to clawback
their respective lives (or earlier with respect to certain of our real estate funds, real estate debt funds and certain multi-asse
investment funds). To the extent one or more clawback obligations were to occur for any one or more carry funds, we mig
the time such clawback obligation is triggered to repay the carried interest and satisfy such obligation. If we were unable t
we would be in breach of the governing agreements with our investors and could be subject to liability. Moreover, althoug
several, the governing agreements of most of our funds provide that to the extent another recipient of carried interest (such
employee) does not fund his or her respective share, then we and our employees who participate in such carried interest pl
additional amounts (generally an additional 50-67%) beyond what we actually received in carried interest, although we ret
remedies that we have under such governing agreements against those carried interest recipients who fail to fund their obli

Investments by our investment funds will in most cases rank junior to investments made by others.

In most cases, the companies in which our investment funds invest will have indebtedness or equity securities, or may be p
indebtedness or to issue equity securities, that rank senior to our investment. By their terms, such instruments may provide
entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in
Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investme
securities ranking senior to our investment would typically be entitled to receive payment in full before distributions could
investment. After repaying senior security holders, the company may not have any remaining assets to use for repaying an
our investment. To the extent that any assets remain, holders of claims that rank equally with our investment would be ent
and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following a
our investment funds to influence a company s affairs and to take actions to protect their investments may be substantially
creditors.

***Investors in our hedge funds may redeem their investments in these funds. In addition, the investment management ag
separately managed accounts may permit the investor to terminate our management of such account on short notice. L
investment funds have the right to cause these investment funds to be dissolved. Any of these events would lead to a dec
which could be substantial.***

Investors in our hedge funds may generally redeem their investments on an annual, semi-annual or quarterly basis followi
specified period of time when capital may not be withdrawn, subject to the applicable fund s specific redemption provisio
many hedge funds, including some of our hedge funds, may experience declines in value, and the pace of redemptions and
assets under management could accelerate. Such declines in value may be both provoked and exacerbated by margin calls
To the extent appropriate and permissible under a fund s constituent documents, we may limit or suspend redemptions du
which may have a reputational impact on us. See Hedge fund investments are subject to numerous additional risks. T
would result from significant redemptions in our hedge funds could have a material adverse effect on our business, revenu
flows.

We currently manage a significant portion of investor assets through separately managed accounts whereby we earn mana
and we intend to continue to seek additional separately managed account mandates. The investment management agreeme
connection with managing separately managed accounts on behalf of certain clients may be terminated by such clients on
written notice. In addition, the boards of directors of the investment management companies we manage, or the adviser in
business development company we sub-advise, could terminate our advisory engagement of those

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companies, on as little as 30 days prior written notice. In the case of any such terminations, the management and incentiv
with managing such account or company would immediately cease, which could result in a significant adverse impact on o

The governing agreements of all of our investment funds (with the exception of certain of our funds of hedge funds) provi
conditions, third party investors in those funds will have the right to remove the general partner of the fund or to accelerate
investment fund without cause by a simple majority vote, resulting in a reduction in management fees we would earn from
a significant reduction in the amounts of total carried interest and incentive fees from those funds. Carried interest and inc
significantly reduced as a result of our inability to maximize the value of investments by an investment fund during the liq
event of the triggering of a clawback obligation. Finally, the applicable funds would cease to exist. In addition, the gove
investment funds provide that in the event certain key persons in our investment funds do not meet specified time comm
managing the fund, then investors in certain funds have the right to vote to terminate the investment period by a specified
certain cases, a simple majority) vote in accordance with specified procedures, accelerate the withdrawal of their capital o
basis, or the fund s investment period will automatically terminate and the vote of a simple majority of investors is requir
governing agreements of some of our investment funds provide that investors have the right to terminate, for any reason, t
vote of 75% of the investors in such fund. In addition to having a significant negative impact on our revenue, net income a
of such an event with respect to any of our investment funds would likely result in significant reputational damage to us.

In addition, because all of our investment funds have advisers that are registered under the Advisers Act, the management
investment funds would be terminated upon an assignment, without investor consent, of these agreements, which may b
these advisers were to experience a change of control. We cannot be certain that consents required for assignments of our
agreements will be obtained if a change of control occurs. In addition, with respect to our 1940 Act registered funds, each
management agreement must be approved annually by the independent members of such investment fund s board of direc
its stockholders, as required by law. Termination of these agreements would cause us to lose the fees we earn from such in

Third party investors in our investment funds with commitment-based structures may not satisfy their contractual oblig
when requested by us, which could adversely affect a fund s operations and performance.

Investors in all of our carry funds (and certain of our hedge funds) make capital commitments to those funds that we are e
investors at any time during prescribed periods. We depend on investors fulfilling their commitments when we call capital
those funds to consummate investments and otherwise pay their obligations (for example, management fees) when due. A
also limit a fund s availability to incur borrowings and avail itself of what would otherwise have been available credit. W
to honor capital calls to any meaningful extent. Any investor that did not fund a capital call would generally be subject to s
including having a significant amount of its existing investment forfeited in that fund. However, the impact of the penalty
amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for inst
fund, then the forfeiture penalty may not be as meaningful. Investors may also negotiate for lesser or reduced penalties at t
thereby inhibiting our ability to enforce the funding of a capital call. Third-party investors in private equity, real estate and
typically use distributions from prior investments to meet future capital calls. In cases where valuations of investors exis
pace of distributions slows, investors may be unable to make new commitments to third-party managed investment funds s
If investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and p
could be materially and adversely affected.

Certain policies and procedures implemented to mitigate potential conflicts of interest and address certain regulatory re synergies across our various businesses.

Because of our various lines of asset management businesses and our capital markets services business, we will be subject potential conflicts of interest and subject to greater regulatory oversight than that to which we would otherwise be subject business. In addressing these conflicts and regulatory requirements across our various businesses, we have implemented co procedures (for example, information walls) that may reduce the positive synergies that we cultivate across these business come into possession of material non-public information with respect to issuers in which we may be considering making a consequence, we may be precluded from providing such information or other ideas to our other businesses that might be o

Our failure to deal appropriately with conflicts of interest in our investment business could damage our reputation and businesses.

As we have expanded and as we continue to expand the number and scope of our businesses, we increasingly confront pot relating to our funds investment activities. A decision to acquire material non-public information about a company while opportunity for a particular fund gives rise to a potential conflict of interest when it results in our having to restrict the abil any action. Certain of our funds may have overlapping investment objectives, including funds that have different fee struc may arise with respect to our decisions regarding how to allocate investment opportunities among those funds. For exampl investment opportunity that is appropriate for two or more investment funds in a manner that excludes one or more funds disproportionate allocation based on factors or criteria that we determine, such as sourcing of the transaction, the relative a for investment in each fund, the nature and extent of involvement in the transaction on the part of the respective teams of i dedicated to the respective funds and other considerations deemed relevant by us. In addition, the challenge of allocating i certain funds may be exacerbated as we expand our business to include more public vehicles. We may also cause different invest in a single portfolio company, for example where the fund that made an initial investment no longer has capital avai cause different funds that we manage to purchase different classes of securities in the same portfolio company. For examp could acquire a debt security issued by the same company in which one of our private equity funds owns common equity s of interest could arise between the debt holders and the equity holders if such a company were to develop insolvency conc have to be carefully managed by us. In addition, conflicts of interest may exist in the valuation of our investments and reg allocation of specific investment opportunities among us and our funds and the allocation of fees and costs among us, our companies. Lastly, in certain, infrequent instances we may purchase an investment alongside one of our investment funds of our investment funds and conflicts may arise in respect of the allocation, pricing and timing of such investments and the investments. To the extent we failed to appropriately deal with any such conflicts, it could negatively impact our reputatio additional funds or result in potential litigation against us.

Risk management activities may adversely affect the return on our funds investments.

When managing our exposure to market risks, we may (on our own behalf or on behalf of our funds) from time to time use swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments to limit our exposure values of investments that may result from market developments, including changes in prevailing interest rates, currency e commodity prices. The success of any hedging or other derivative transactions generally will depend on our ability to corr changes, the degree of correlation between price movements of a derivative instrument, the position being hedged, the cre counterparty and other factors. As a result, while we may enter into a transaction in order to reduce our exposure to marke result in poorer overall investment performance than if it had not been executed. Such transactions may also limit the oppo of a hedged position increases.

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While such hedging arrangements may reduce certain risks, such arrangements themselves may entail certain other risks. T
require the posting of cash collateral at a time when a fund has insufficient cash or illiquid assets such that the posting of t
or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements ma
transaction costs, including potential tax costs, that reduce the returns generated by a fund. Finally, the CFTC has made se
it may soon issue a proposal for certain foreign exchange products to be subject to mandatory clearing, which could increa
currency hedges.

***Our real estate funds are subject to the risks inherent in the ownership and operation of real estate and the constructio
estate.***

Investments in our real estate funds will be subject to the risks inherent in the ownership and operation of real estate and re
and assets, including the deterioration of real estate fundamentals. These risks include, but are not limited to, those associa
ownership of real property, general and local economic conditions, changes in supply of and demand for competing prope
for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, operating income
tenants, changes in building, environmental, zoning and other laws, casualty or condemnation losses, energy and supply sh
or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property ta
rates, the reduced availability of mortgage funds which may render the sale or refinancing of properties difficult or imprac
defaults, increases in borrowing rates, negative developments in the economy that depress travel activity, environmental li
liabilities on disposition of assets, acts of god, terrorist attacks, war and other factors that are beyond our control. In additi
acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income p
subject to the risks normally associated with such assets and development activities, including risks relating to the availabi
zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks be
fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent fi
In addition, our real estate funds may also make investments in residential real estate projects and/or otherwise participate
relating to residential real estate assets or portfolios thereof from time to time, which may be more highly susceptible to ad
economic and/or market conditions and present additional risks relative to the ownership and operation of commercial rea

***Certain of our investment funds may invest in securities of companies that are experiencing significant financial or bu
companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments are subject to
performance or loss.***

Certain of our investment funds, especially our credit-focused funds, may invest in business enterprises involved in work-
reorganizations, bankruptcies and similar transactions and may purchase high-risk receivables. An investment in such busi
risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable ti
distribution of cash or a new security the value of which will be less than the purchase price to the fund of the security or c
respect of which such distribution is received. In addition, if an anticipated transaction does not in fact occur, the fund may
investment at a loss. Investments in troubled companies may also be adversely affected by U.S. federal and state laws rela
fraudulent conveyances, voidable preferences, lender liability and a bankruptcy court s discretionary power to disallow, s
particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt t
proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation. Because there is substantia
outcome of transactions involving financially troubled companies, there is a potential risk of loss by a fund of its entire inv
Moreover, a major economic recession could have a materially adverse impact on the value of such securities. Adverse pu
perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities rated be
otherwise adversely affect

our reputation. In addition, in a recent 2013 federal Circuit Court case, the Court determined that a private equity fund cou
IV pension obligations (including withdrawal liability incurred with respect to union multiemployer plans) of its portfolio
trade or business and the fund s ownership interest in the portfolio company is significant enough to bring the portfolio
group. While a number of cases have held that managing investments is not a trade or business for tax purposes, the C
concluded the a private equity fund could be a trade or business for ERISA purposes based on certain factors, including
in the management of its portfolio companies and the nature of its management fee arrangements. The Circuit Court case c
fund in question and its portfolio companies were part of the same controlled group.

Certain of our fund investments may be concentrated in certain asset types or in a geographic region, which could exac performance of those funds to the extent those concentrated investments perform poorly.

The governing agreements of our investment funds contain only limited investment restrictions and only limited requireme
fund investments, either by geographic region or asset type. For example, approximately 70% of the investments of our rea
values as of December 31, 2015) are in office building, hotel and shopping center assets. During periods of difficult marke
in these sectors, the decreased revenues, difficulty in obtaining access to financing and increased funding costs experience
may be exacerbated by this concentration of investments, which would result in lower investment returns for our real estat

Investments by our funds in the power and energy industries involve various operational, construction, regulatory and adversely affect our results of operations, liquidity and financial condition.

The development, operation and maintenance of power and energy generation facilities involves many risks, including, as
start-up risks, breakdown or failure of facilities, lack of sufficient capital to maintain the facilities, the dependence on a spe
in the price of fuel sources, or the impact of unusual or adverse weather conditions or other natural events, as well as the ri
expected levels of output, efficiency or reliability, the occurrence of any of which could result in lost revenues and/or incre
developments could impair a portfolio company s ability to repay its debt or conduct its operations. We may also choose o
decommission a power generation facility or other asset. The decommissioning process could be protracted and result in th
financial and/or regulatory obligations or other uncertainties.

Our power and energy sector portfolio companies may also face construction risks typical for power generation and related
Such developments could result in substantial unanticipated delays or expenses and, under certain circumstances, could pr
construction activities once undertaken. Delays in the completion of any power project may result in lost revenues or incre
higher operation and maintenance costs related to such portfolio company.

The power and energy sectors are the subject of substantial and complex laws, rules and regulation by various federal and
Failure to comply with applicable laws, rules and regulations could result in the prevention of operation of certain facilitie
sale of such a facility to a third party, as well as the loss of certain rate authority, refund liability, penalties and other remed
result in additional costs to a portfolio company and adversely affect the investment results.

Our businesses that invest in the energy industry also focus on investments in businesses involved in oil and gas exploratio
can be a speculative business involving a high degree of risk, including:

- the use of new technologies, including hydraulic fracturing,

- reliance on estimates of oil and gas reserves in the evaluation of available geological, geophysical, engineering
reservoir, and

encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failu
completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well flu
conditions, pollution, fires, spills and other environmental risks.

In addition, the performance of the investments made by our credit and equity funds in the energy and natural resources m
high degree of market risk, as such investments are likely to be, directly or indirectly substantially dependent upon prevail
and other commodities. Oil and natural gas prices are subject to wide fluctuation in response to factors beyond the control
companies, including relatively minor changes in the supply and demand for oil and natural gas, market uncertainty, the le
demand, weather conditions, governmental regulation, the price and availability of alternative fuels, political and economi
countries, foreign supply of such commodities and overall domestic and foreign economic conditions. These factors make
commodity price movements with any certainty.

The financial projections of our portfolio companies could prove inaccurate.

Our funds generally establish the capital structure of portfolio companies on the basis of financial projections prepared by
portfolio companies. These projected operating results will normally be based primarily on judgments of the management
In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the proje
General economic conditions, which are not predictable, along with other factors may cause actual performance to fall sho
projections that were used to establish a given portfolio company s capital structure. Because of the leverage we typically
this could cause a substantial decrease in the value of our equity holdings in the portfolio company. The inaccuracy of fina
cause our funds performance to fall short of our expectations.

Contingent liabilities could harm fund performance.

We may cause our funds to acquire an investment that is subject to contingent liabilities. Such contingent liabilities could
of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acqui
could thus result in unforeseen losses for our funds. In addition, in connection with the disposition of an investment in a po
may be required to make representations about the business and financial affairs of such portfolio company typical of thos
the sale of a business. A fund may also be required to indemnify the purchasers of such investment to the extent that any s
inaccurate. These arrangements may result in the incurrence of contingent liabilities by a fund, even after the disposition o
Accordingly, the inaccuracy of representations and warranties made by a fund could harm such fund s performance.

Our funds may be forced to dispose of investments at a disadvantageous time.

Our funds may make investments that they do not advantageously dispose of prior to the date the applicable fund is dissol
such fund s term or otherwise. Although we generally expect that investments will be disposed of prior to dissolution or b
distribution at dissolution, and the general partners of the funds have only a limited ability to extend the term of the fund v
investors or the advisory board of the fund, as applicable, our funds may have to sell, distribute or otherwise dispose of inv
disadvantageous time as a result of dissolution. This would result in a lower than expected return on the investments and, p

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Hedge fund investments are subject to numerous additional risks.

Investments by our funds of hedge funds in other hedge funds, as well as investments by our credit-focused and real estate
subject to numerous additional risks, including the following:

Certain of the funds are newly established funds without any operating history or are managed by managemen
partners who may not have as significant track records as an independent manager.

Generally, there are few limitations on the execution of the hedge funds investment strategies, which are sub
the management company or the general partner of such funds.

Hedge funds may engage in short selling, which is subject to the theoretically unlimited risk of loss because th
the price of a security may appreciate before the short position is closed out. A fund may be subject to losses i
return of the lent securities and an alternative lending source cannot be found or if the fund is otherwise unabl
are necessary to hedge its positions.

Hedge funds are exposed to the risk that a counterparty will not settle a transaction in accordance with its term
conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit
problem, thus causing the fund to suffer a loss. Counterparty risk is accentuated for contracts with longer matu
events may intervene to prevent settlement, or where the fund has concentrated its transactions with a single o
counterparties. Generally, hedge funds are not restricted from dealing with any particular counterparty or from
any or all of their transactions with one counterparty. Moreover, the funds internal consideration of the credi
their counterparties may prove insufficient. The absence of a regulated market to facilitate settlement may incr
potential for losses.

Credit risk may arise through a default by one of several large institutions that are dependent on one another to
operational needs, so that a default by one institution causes a series of defaults by the other institutions. This
affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exch
funds interact on a daily basis.

The efficacy of investment and trading strategies depend largely on the ability to establish and maintain an ove
combination of financial instruments. A hedge fund s trading orders may not be executed in a timely and effic
circumstances, including systems failures or human error. In such event, the funds might only be able to acqui
components of the position, or if the overall position were to need adjustment, the funds might not be able to m
result, the funds would not be able to achieve the market position selected by the management company or ger
and might incur a loss in liquidating their position.

Hedge funds are subject to risks due to potential illiquidity of assets. Hedge funds may make investments or h
markets that are volatile and which may become illiquid. Timely divestiture or sale of trading positions can be
trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer p
specialized or structured transactions to which they may be a party, and changes in industry and government re
impossible or costly for hedge funds to liquidate positions rapidly in order to meet margin calls, withdrawal re
particularly if there are other market participants seeking to dispose of similar assets at the same time or the re
moving against a position or in the event of trading halts or daily price movement limits on the market or othe
may be exacerbated for our funds of hedge funds. For example, if one of our funds of hedge funds were to inv
its assets in two or more hedge funds that each had illiquid positions in the same issuer, the illiquidity risk for
would be compounded. For example, in 2008 many hedge funds, including some of our hedge funds, experien

value. In many

cases, these declines in value were both provoked and exacerbated by margin calls and forced selling of assets
funds of hedge funds were invested in third party hedge funds that halted redemptions in the face of illiquidity
precluded those funds of hedge funds from receiving their capital back on request.

Hedge fund investments are subject to risks relating to investments in commodities, futures, options and other
which are highly volatile and may be subject to the theoretically unlimited risk of loss in certain circumstances
writes a call option. Price movements of commodities, futures and options contracts and payments pursuant to
influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, mon
programs and policies of governments and national and international political and economic events and polici
options and swap agreements also depends upon the price of the commodities underlying them. In addition, he
to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or co
commodities exchanges limit fluctuations in certain commodity interest prices during a single day by imposin
limits or daily limits, the existence of which may reduce liquidity or effectively curtail trading in particula

We are subject to risks in using prime brokers, custodians, counterparties, administrators and other agents.

Many of our funds depend on the services of prime brokers, custodians, counterparties, administrators and other agents to
and derivatives transactions. The terms of these contracts are often customized and complex, and many of these arrangeme
relate to products that are not subject to regulatory oversight, although the Dodd-Frank Act provides for new regulation of
particular, some of our funds utilize prime brokerage arrangements with a relatively limited number of counterparties, whi
concentrating the transaction volume (and related counterparty default risk) of these funds with these counterparties.

Our funds are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or invol
under the contract. Any such default may occur suddenly and without notice to us. Moreover, if a counterparty defaults, w
action to cover our exposure, either because we lack contractual recourse or because market conditions make it difficult to
inability could occur in times of market stress, which is when defaults are most likely to occur.

In addition, our risk-management models may not accurately anticipate the impact of market stress or counterparty financi
we may not have taken sufficient action to reduce our risks effectively. Default risk may arise from events or circumstance
foresee or evaluate. In addition, concerns about, or a default by, one large participant could lead to significant liquidity pro
which may in turn expose us to significant losses.

Although we have risk-management models and processes to ensure that we are not exposed to a single counterparty for si
given the large number and size of our funds, we often have large positions with a single counterparty. For example, most
lines. If the lender under one or more of those credit lines were to become insolvent, we may have difficulty replacing the
of our funds may face liquidity problems.

In the event of a counterparty default, particularly a default by a major investment bank or a default by a counterparty to a
contracts, one or more of our funds may have outstanding trades that they cannot settle or are delayed in settling. As a resu
material losses and the resulting market impact of a major counterparty default could harm our businesses, results of opera

In the event of the insolvency of a prime broker, custodian, counterparty or any other party that is holding assets of our fur
might not be able to recover equivalent assets in full as they will rank among the prime broker s, custodian s or counterp
relation to the assets held as collateral. In addition, our funds cash held with a prime broker, custodian or counterparty ge
from the prime broker s, custodian s or counterparty s own cash, and our funds may therefore rank as unsecured credito
derivatives transactions are cleared through a derivatives clearing organization, the CFTC has issued final rules regulating
protection of collateral posted by customers of cleared and uncleared swaps. The CFTC is also working to provide new gu
broker arrangements and intermediation generally with regard to trading on swap execution facilities.

The counterparty risks that we face have increased in complexity and magnitude as a result of disruption in the financial m
example, the consolidation and elimination of counterparties has increased our concentration of counterparty risk and decr
potential counterparties, and our funds are generally not restricted from dealing with any particular counterparty or from c
their transactions with one counterparty. In addition, counterparties have generally reacted to recent market volatility by ti
standards and increasing their margin requirements for all categories of financing, which has the result of decreasing the o
available and increasing the costs of borrowing.

Underwriting activities by our capital markets services business expose us to risks.

We act as an underwriter in securities offerings through our capital markets services business. We may incur losses and be
to the extent that, for any reason, we are unable to sell securities we purchased as an underwriter at the anticipated price le
also are subject to liability for material misstatements or omissions in prospectuses and other offering documents relating t

Risks Related to Our Organizational Structure

Our common unitholders do not elect our general partner or vote on our general partner s directors and have limited c regarding our business.

Our general partner, Blackstone Group Management L.L.C., which is owned by our senior managing directors, manages a
activities. Blackstone Group Management L.L.C. has a board of directors that is responsible for the oversight of our busin
general partner s board of directors is elected in accordance with its limited liability company agreement, where our senio
agreed that our founder, Stephen A. Schwarzman, will have the power to appoint and remove the directors of our general p
company agreement of our general partner provides that at such time as Mr. Schwarzman should cease to be a founder, Ha
thereupon succeed Mr. Schwarzman as the sole founding member of our general partner, and thereafter such power will re
general partner (our senior managing directors) holding a majority in interest in our general partner.

Our common unitholders do not elect our general partner or its board of directors and, unlike the holders of common stock
limited voting rights on matters affecting our business and therefore limited ability to influence decisions regarding our bu
common unitholders are dissatisfied with the performance of our general partner, they have little ability to remove our gen
partner may not be removed unless that removal is approved by the vote of the holders of not less than two-thirds of the vo
outstanding common units and special voting units (including common units and special voting units held by the general p
we receive an opinion of counsel regarding limited liability matters. As of December 31, 2015, Blackstone Partners L.L.C
our personnel and others who are limited partners, had 49.5% of the voting power of The Blackstone Group L.P. limited p
senior managing directors have the ability to remove or block any removal of our general partner and thus control The Bla

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Blackstone personnel collectively own a controlling interest in us and will be able to determine the outcome of those fe submitted for a vote of the limited partners.

Our senior managing directors generally have sufficient voting power to determine the outcome of those few matters that of the limited partners of The Blackstone Group L.P., including any attempt to remove our general partner.

Our common unitholders voting rights are further restricted by the provision in our partnership agreement stating that an person that beneficially owns 20% or more of any class of The Blackstone Group L.P. common units then outstanding (ot and its affiliates, or a direct or subsequently approved transferee of our general partner or its affiliates) cannot be voted on partnership agreement contains provisions limiting the ability of our common unitholders to call meetings or to acquire in operations, as well as other provisions limiting the ability of our common unitholders to influence the manner or direction partnership agreement also does not restrict our general partner s ability to take actions that may result in our being treat corporation for U.S. federal (and applicable state) income tax purposes. Furthermore, the common unitholders are not ent appraisal under our partnership agreement or applicable Delaware law in the event of a merger or consolidation, a sale of or any other transaction or event. In addition, we have the right to acquire all of our then-outstanding common units if not common units are held by persons other than our general partner and its affiliates.

As a result of these matters and the provisions referred to under Our common unitholders do not elect our general part partner s directors and have limited ability to influence decisions regarding our business, our common unitholders may receive a premium for their common units in the future through a sale of The Blackstone Group L.P., and the trading price be adversely affected by the absence or reduction of a takeover premium in the trading price.

We are a limited partnership and as a result fall within exceptions from certain corporate governance and other requir the New York Stock Exchange.

We are a limited partnership and fall within exceptions from certain corporate governance and other requirements of the r Exchange. Pursuant to these exceptions, limited partnerships may elect not to comply with certain corporate governance r York Stock Exchange, including the requirements (a) that a majority of the board of directors of our general partner consi (b) that we have a nominating/corporate governance committee that is composed entirely of independent directors (c) that committee that is composed entirely of independent directors, and (d) that the compensation committee be required to con factors when engaging compensation consultants, legal counsel and other committee advisers. In addition, we are not requ of our common unitholders. We will continue to avail ourselves of these exceptions. Accordingly, common unitholders ge protections afforded to equityholders of entities that are subject to all of the corporate governance requirements of the Ne

Potential conflicts of interest may arise among our general partner, its affiliates and us. Our general partner and its af fiduciary duties to us and our common unitholders, which may permit them to favor their own interests to the detrimen unitholders.

Conflicts of interest may arise among our general partner and its affiliates, on the one hand, and us and our common unith a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates over the interest These conflicts include, among others, the following:

- our general partner determines the amount and timing of our investments and dispositions, indebtedness, issua partnership interests and amounts of reserves, each of which can affect the amount of cash that is available fo unitholders,

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our general partner is allowed to take into account the interests of parties other than us in resolving conflicts o
effect of limiting its duties (including fiduciary duties) to our common unitholders. For example, our subsidiar
partners of our investment funds have fiduciary and contractual obligations to the investors in those funds, as a
to regularly take actions that might adversely affect our near-term results of operations or cash flow,

because our senior managing directors hold their Blackstone Holdings Partnership Units directly or through en
corporate income taxation and The Blackstone Group L.P. holds Blackstone Holdings Partnership Units throu
subsidiaries, some of which are subject to corporate income taxation, conflicts may arise between our senior m
Blackstone Group L.P. relating to the selection and structuring of investments,

other than as set forth in the non-competition and non-solicitation agreements to which our senior managing d
may not be enforceable, affiliates of our general partner and existing and former personnel employed by our g
prohibited from engaging in other businesses or activities, including those that might be in direct competition

our general partner has limited its liability and reduced or eliminated its duties (including fiduciary duties) und
agreement, while also restricting the remedies available to our common unitholders for actions that, without th
constitute breaches of duty (including fiduciary duty). In addition, we have agreed to indemnify our general pa
fullest extent permitted by law, except with respect to conduct involving bad faith, fraud or willful misconduct
common units, common unitholders will have agreed and consented to the provisions set forth in our partnersh
provisions regarding conflicts of interest situations that, in the absence of such provisions, might constitute a b
duties under applicable state law,

our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any
entering into additional contractual arrangements with any of these entities on our behalf, so long as the terms
contractual arrangements are fair and reasonable to us as determined under the partnership agreement,

our general partner determines how much debt we incur and that decision may adversely affect our credit ratin

our general partner determines which costs incurred by it and its affiliates are reimbursable by us,

our general partner controls the enforcement of obligations owed to us by it and its affiliates, and

our general partner decides whether to retain separate counsel, accountants or others to perform services for us
See Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence and Part III. Item 10
and Corporate Governance Partnership Management and Governance Conflicts Committee.

Our partnership agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of our gene
remedies available to common unitholders for actions that might otherwise constitute a breach of duty. It will be difficu
to successfully challenge a resolution of a conflict of interest by our general partner or by its conflicts committee.

Our partnership agreement contains provisions that waive or consent to conduct by our general partner and its affiliates tha
issues about compliance with fiduciary duties or applicable law. For example, our partnership agreement provides that wh
acting in its individual capacity, as opposed to in its capacity as our general partner, it may act without any fiduciary oblig
unitholders whatsoever. When our general partner, in its capacity as our general partner, is permitted to or required to mak

decision in its sole discretion or discretion or that it deems necessary or appropriate or necessary or advisable, consider only such interests and factors as it desires, including its own interests, and has no duty or obligation (fiduciary o consideration to any interest of or factors affecting us or any limited partners and will not be subject to any different stand partnership agreement, the Delaware Limited Partnership Act or under any other law, rule or regulation or in equity. These duties are expressly permitted by Delaware law. Hence, we and our common unitholders only have recourse and are able t general partner if our general partner breaches its obligations pursuant to our partnership agreement. Unless our general pa obligations pursuant to our partnership agreement, we and our common unitholders do not have any recourse against our g general partner were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there h obligations set forth in our partnership agreement, our partnership agreement provides that our general partner and its offic liable to us or our common unitholders for errors of judgment or for any acts or omissions unless there has been a final and by a court of competent jurisdiction determining that the general partner or its officers and directors acted in bad faith or e misconduct. These modifications are detrimental to the common unitholders because they restrict the remedies available to actions that without those limitations might constitute breaches of duty (including fiduciary duty).

Whenever a potential conflict of interest exists between us and our general partner, our general partner may resolve such c general partner determines that its resolution of the conflict of interest is on terms no less favorable to us than those genera available from unrelated third parties or is fair and reasonable to us, taking into account the totality of the relationships bet partner, then it will be presumed that in making this determination, our general partner acted in good faith. A common uni this resolution of the conflict of interest would bear the burden of overcoming such presumption. This is different from the corporations, where a conflict resolution by an interested party would be presumed to be unfair and the interested party wo demonstrating that the resolution was fair.

Also, if our general partner obtains the approval of the conflicts committee of our general partner, the resolution will be co and reasonable to us and not a breach by our general partner of any duties it may owe to us or our common unitholders. Th situation with Delaware corporations, where a conflict resolution by a committee consisting solely of independent director circumstances, merely shift the burden of demonstrating unfairness to the plaintiff. Common unitholders, in purchasing ou as having consented to the provisions set forth in the partnership agreement, including provisions regarding conflicts of int absence of such provisions, might be considered a breach of fiduciary or other duties under applicable state law. As a resul as a practical matter, not be able to successfully challenge an informed decision by the conflicts committee. See Part III. Officers and Corporate Governance Partnership Management and Governance Conflicts Committee.

The control of our general partner may be transferred to a third party without common unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or consolidation without the conse unitholders. Furthermore, at any time, the members of our general partner may sell or transfer all or part of their limited li our general partner without the approval of the common unitholders, subject to certain restrictions as described elsewhere general partner may not be willing or able to form new investment funds and could form funds that have investment objec that differ materially from those of our current investment funds. A new owner could also have a different investment phil professionals who are less experienced, be unsuccessful in identifying investment opportunities or have a track record that Blackstone s track record. If any of the foregoing were to occur, we could experience difficulty in making new investmen existing investments, our business, our results of operations and our financial condition could materially suffer.

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We intend to pay regular distributions to our common unitholders, but our ability to do so may be limited by cash flow f available liquidity, our holding partnership structure, applicable provisions of Delaware law and contractual restriction

Our intention is to distribute quarterly to common unitholders approximately 85% of The Blackstone Group L.P. s share c subject to adjustment by amounts determined by Blackstone s general partner to be necessary or appropriate to provide fo to make appropriate investments in its business and our funds, to comply with applicable law, any of its debt instruments c provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders fo of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretio may change at any time, including, without limitation, to eliminate such distributions entirely.

The Blackstone Group L.P. is a holding partnership and has no material assets other than the ownership of the partnership Holdings held through wholly owned subsidiaries. The Blackstone Group L.P. has no independent means of generating rev intend to cause Blackstone Holdings to make distributions to its partners, including The Blackstone Group L.P. s wholly c any distributions The Blackstone Group L.P. may declare on the common units.

Our ability to make cash distributions to our unitholders will depend on a number of factors, including among others gener conditions, our strategic plans and prospects, our business and investment opportunities, our financial condition and opera timing and extent of our realizations, working capital requirements and anticipated cash needs, contractual restrictions and fulfilling our current and future capital commitments, legal, tax and regulatory restrictions, restrictions and other implicatio distributions by us to our common unitholders or by our subsidiaries to us and such other factors as our general partner ma

Under the Delaware Limited Partnership Act, we may not make a distribution to a partner if after the distribution all our li liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to partnership, would exceed the fair value of our assets. If we were to make such an impermissible distribution, any limited distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partners for the amount of the distribution for three years. In addition, the terms of our revolving credit facility or other financing a to time include covenants or other restrictions that could constrain our ability to make distributions.

The amortization of finite-lived intangible assets and non-cash equity-based compensation results in substantial expens net loss we record in certain periods or cause us to record a net loss in periods during which we would otherwise have r

As part of the reorganization related to our IPO we acquired interests in our business from our predecessor owners. This tr accounted for partially as a transfer of interests under common control and partially as an acquisition of non-controlling in the acquisition of the non-controlling interests using the purchase method of accounting, and reflected the excess of the pu value of the tangible assets acquired and liabilities assumed as goodwill and other intangible assets on our statement of fin December 31, 2015, we have $345.5 million of finite-lived intangible assets (in addition to $1.7 billion of goodwill), net o These finite-lived intangible assets are from the IPO and other business transactions. We are amortizing these finite-lived i estimated useful lives, which range from three to twenty years, using the straight-line method, with a weighted-average rem of 6.4 years as of December 31, 2015. In addition, as part of the reorganization at the time of our IPO, Blackstone personn 827,516,625 Blackstone Holdings Partnership Units, of which 439,711,537 were unvested. The grant date fair value of the Holdings Partnership Units

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(which was $31) is being charged to expense as the Blackstone Holdings Partnership Units vest over the assumed service
eight years, on a straight-line basis. The amortization of these finite-lived intangible assets and of this non-cash equity-bas
increase our expenses substantially during the relevant periods. These expenses may increase the net loss we record in cert
record a net loss in periods during which we would otherwise have recorded net income.

We are required to pay our senior managing directors for most of the benefits relating to any additional tax depreciatio deductions we may claim as a result of the tax basis step-up we received as part of the reorganization we implemented i or receive in connection with future exchanges of our common units and related transactions.

As part of the reorganization we implemented in connection with our IPO, we purchased interests in our business from our
addition, holders of partnership units in Blackstone Holdings (other than The Blackstone Group L.P. s wholly owned subs
vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of t
Partnerships, may up to four times each year (subject to the terms of the exchange agreement) exchange their Blackstone H
for The Blackstone Group L.P. common units on a one-for-one basis. A Blackstone Holdings limited partner must exchang
each of the Blackstone Holdings Partnerships to effect an exchange for a common unit. The purchase and subsequent exch
in increases in the tax basis of the tangible and intangible assets of Blackstone Holdings that otherwise would not have bee
in tax basis may increase (for tax purposes) depreciation and amortization and therefore reduce the amount of tax that cert
L.P. s wholly owned subsidiaries that are taxable as corporations for U.S. federal income tax purposes, which we refer to
would otherwise be required to pay in the future, although the IRS may challenge all or part of that tax basis increase, and
challenge.

One of the corporate taxpayers has entered into a tax receivable agreement with our senior managing directors and other p
for the payment by the corporate taxpayer to the counterparties of 85% of the amount of cash savings, if any, in U.S. feder
tax or franchise tax that the corporate taxpayers actually realize as a result of these increases in tax basis and of certain oth
entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreem
tax receivable agreements have been executed, and others may continue to be executed, with newly admitted Blackstone s
and certain others who receive Blackstone Holdings Partnership Units. This payment obligation is an obligation of the cor
Blackstone Holdings. As such, the cash distributions to public common unitholders may vary from holders of Blackstone H
(held by Blackstone personnel and others) to the extent payments are made under the tax receivable agreements to selling
Holdings Partnership Units. As the payments reflect actual tax savings received by Blackstone entities, there may be a tim
tax savings received by Blackstone entities and the cash payments to selling holders of Blackstone Holdings Partnership U
increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a
the timing of exchanges, the price of our common units at the time of the exchange, the extent to which such exchanges ar
and timing of our income, we expect that as a result of the size of the increases in the tax basis of the tangible and intangib
Holdings, the payments that we may make under the tax receivable agreements will be substantial. The payments under a t
not conditioned upon a tax receivable agreement counterparty s continued ownership of us. We may need to incur debt to
tax receivable agreement to the extent our cash resources are insufficient to meet our obligations under the tax receivable a
timing discrepancies or otherwise.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, the tax receivable agree
reimburse us for any payments previously made under the tax receivable agreement. As a result, in certain circumstances p
counterparties under the tax receivable

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agreement could be in excess of the corporate taxpayers actual cash tax savings. The corporate taxpayers ability to achi
increase, and the payments to be made under the tax receivable agreements, will depend upon a number of factors, as discu
timing and amount of our future income.

***If The Blackstone Group L.P. were deemed an investment company under the 1940 Act, applicable restrictions coul
to continue our business as contemplated and could have a material adverse effect on our business.***

An entity will generally be deemed to be an investment company for purposes of the 1940 Act if: (a) it is or holds itself
primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities, or (b) absent a
owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive
securities and cash items) on an unconsolidated basis. We believe that we are engaged primarily in the business of providi
capital markets services and not in the business of investing, reinvesting or trading in securities. We also believe that the p
from each of our businesses is properly characterized as income earned in exchange for the provision of services. We hold
management and capital markets firm and do not propose to engage primarily in the business of investing, reinvesting or t
Accordingly, we do not believe that The Blackstone Group L.P. is an orthodox investment company as defined in secti
and described in clause (a) in the first sentence of this paragraph. Furthermore, The Blackstone Group L.P. does not have
than its equity interests in certain wholly owned subsidiaries, which in turn will have no material assets (other than interco
general partner interests in the Blackstone Holdings Partnerships. These wholly owned subsidiaries are the sole general pa
Holdings Partnerships and are vested with all management and control over the Blackstone Holdings Partnerships. We do
interests of The Blackstone Group L.P. in its wholly owned subsidiaries or the general partner interests of these wholly ow
Blackstone Holdings Partnerships are investment securities. Moreover, because we believe that the capital interests of the
in their respective funds are neither securities nor investment securities, we believe that less than 40% of The Blackstone
(exclusive of U.S. government securities and cash items) on an unconsolidated basis are comprised of assets that could be
securities. Accordingly, we do not believe The Blackstone Group L.P. is an inadvertent investment company by virtue of t
3(a)(1)(C) of the 1940 Act as described in clause (b) in the first sentence of this paragraph. In addition, we believe The Bl
an investment company under section 3(b)(1) of the 1940 Act because it is primarily engaged in a non-investment compa

The 1940 Act and the rules thereunder contain detailed parameters for the organization and operation of investment comp
the 1940 Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of de
generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operatio
Group L.P. will not be deemed to be an investment company under the 1940 Act. If anything were to happen which would
Group L.P. to be deemed to be an investment company under the 1940 Act, requirements imposed by the 1940 Act, includ
capital structure, ability to transact business with affiliates (including us) and ability to compensate key employees, could
continue our business as currently conducted, impair the agreements and arrangements between and among The Blacksto
Holdings and our senior managing directors, or any combination thereof, and materially adversely affect our business, fin
of operations. In addition, we may be required to limit the amount of investments that we make as a principal or otherwis
manner that does not subject us to the registration and other requirements of the 1940 Act.

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Risks Related to Our Common Units

Our common unit price may decline due to the large number of common units eligible for future sale and for exchange

The market price of our common units could decline as a result of sales of a large number of common units in the market i perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more c common units in the future at a time and at a price that we deem appropriate. We had a total of 565,216,681 voting commo February 19, 2016. Subject to the lock-up restrictions described below, we may issue and sell in the future additional com of Blackstone Holdings owned an aggregate of 543,983,293 Blackstone Holdings Partnership Units outstanding as of Febr connection with our initial public offering, we entered into an exchange agreement with holders of Blackstone Holdings P The Blackstone Group L.P. s wholly owned subsidiaries) so that these holders, subject to the vesting and minimum retain and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings Partnerships, may up to four tir terms of the exchange agreement) exchange their Blackstone Holdings Partnership Units for The Blackstone Group L.P. c one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. A Bl partner must exchange one partnership unit in each of the Blackstone Holdings Partnerships to effect an exchange for a co units we issue upon such exchanges would be restricted securities, as defined in Rule 144 under the Securities Act, unle However, we have entered into a registration rights agreement with the limited partners of Blackstone Holdings that requir common units under the Securities Act and we have filed registration statements that cover the delivery of common units i Blackstone Holdings Partnership Units. See Part III. Item 13. Certain Relationships and Related Transactions, and Direct Transactions with Related Persons Registration Rights Agreement. While the partnership agreements of the Blackstone related agreements contractually restrict the ability of Blackstone personnel to transfer the Blackstone Holdings Partnershi Group L.P. common units they hold and require that they maintain a minimum amount of equity ownership during their en contractual provisions may lapse over time or be waived, modified or amended at any time.

In addition, in June 2007, we entered into an agreement with Beijing Wonderful Investments, an investment vehicle establ People s Republic of China, pursuant to which we sold to it non-voting common units. Beijing Wonderful Investments cu non-voting common units. We have agreed to provide Beijing Wonderful Investments with registration rights to effect cer

As of February 19, 2016, we had granted 17,017,802 outstanding deferred restricted common units and 43,166,834 outstan Blackstone Holdings Partnership Units, which are subject to specified vesting requirements, to our non-senior managing d senior managing directors under The Blackstone Group L.P. 2007 Equity Incentive Plan (2007 Equity Incentive Plan). common units and Blackstone Holdings Partnership Units covered by our 2007 Equity Incentive Plan is increased on the f during its term by a number of units equal to the positive difference, if any, of (a) 15% of the aggregate number of commo Holdings Partnership Units outstanding on the last day of the immediately preceding fiscal year (excluding Blackstone Ho held by The Blackstone Group L.P. or its wholly owned subsidiaries) minus (b) the aggregate number of common units an Partnership Units covered by our 2007 Equity Incentive Plan as of such date (unless the administrator of the 2007 Equity I to increase the number of common units and Blackstone Holdings Partnership Units covered by the plan by a lesser amour 166,340,808 additional common units and Blackstone Holdings Partnership Units were available for grant under our 2007 February 19, 2016. We have filed a registration statement and intend to file additional registration statements on Form S-8 register common units covered by our 2007 Equity Incentive Plan (including pursuant to automatic annual increases). Any statement will automatically become effective upon filing. Accordingly, common units registered under such registration s for sale in the open market.

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In addition, our partnership agreement authorizes us to issue an unlimited number of additional partnership securities and o
appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by o
discretion without the approval of any limited partners. In accordance with the Delaware Limited Partnership Act and the
agreement, we may also issue additional partnership interests that have certain designations, preferences, rights, powers an
from, and may be senior to, those applicable to common units. Similarly, the Blackstone Holdings partnership agreements
subsidiaries of The Blackstone Group L.P. which are the general partners of those partnerships to issue an unlimited numb
securities of the Blackstone Holdings Partnerships with such designations, preferences, rights, powers and duties that are d
senior to, those applicable to the Blackstone Holdings Partnership Units, and which may be exchangeable for our common

The market price of our common units may be volatile, which could cause the value of your investment to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as gene
political conditions, could reduce the market price of common units in spite of our operating performance. In addition, our
below the expectations of public market analysts and investors, and in response the market price of our common units cou
You may be unable to resell your common units at or above the price you paid for them.

Risks Related to United States Taxation

***Our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority ma
structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly***

The U.S. federal income tax treatment of common unitholders depends in some instances on determinations of fact and int
provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The U.S. federal inc
under review by persons involved in the legislative process, the U.S. Internal Revenue Service, or IRS, and the U.S. Tr
resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modificati
IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. federal income tax treatmen
common units may be modified by administrative, legislative or judicial interpretation at any time, and any such action ma
commitments previously made. Changes to the U.S. federal income tax laws and interpretations thereof could make it mor
meet the exception for us to be treated as a partnership for U.S. federal income tax purposes that is not taxable as a corpor
Qualifying Income Exception), affect or cause us to change our investments and commitments, affect the tax considera
change the character or treatment of portions of our income (including, for instance, the treatment of carried interest as ord
capital gain) and adversely affect an investment in our common units. For example, as discussed above under The U.S
legislation that, if enacted, would have (a) for taxable years beginning ten years after the date of enactment, precluded us f
partnership for U.S. federal income tax purposes or required us to hold carried interest through taxable subsidiary corporat
holders of common units with respect to certain income and gains at increased rates. If any similar legislation were to be e
could incur a material increase in our tax liability and a substantial portion of our income could be taxed at a higher rate to
our common units, the U.S. Congress has considered various legislative proposals to treat all or part of the capital gain a
recognized by an investment partnership and allocable to a partner affiliated with the sponsor of the partnership (i.e., a por
as ordinary income to such partner for U.S. federal income tax purposes.

Our organizational documents and governing agreements permit our general partner to modify our amended and restated l
agreement from time to time, without the consent of the common unitholders, to

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address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such r
material adverse impact on some or all common unitholders. Moreover, we will apply certain assumptions and convention
with applicable rules and to report income, gain, deduction, loss and credit to common unitholders in a manner that reflect
beneficial ownership of partnership items, taking into account variation in unitholder ownership interests during each taxa
activity. More specifically, our allocations of items of taxable income and loss between transferors and transferees of our u
annually, will be prorated on a monthly basis and will be subsequently apportioned among the unitholders in proportion to
by each of them determined as of the opening of trading of our units on the New York Stock Exchange on the first busines
result, a unitholder transferring units may be allocated income, gain, loss and deductions realized after the date of transfer.
assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that t
successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Internal Rev
regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjust
disallowed in a manner that adversely affects common unitholders.

If we were treated as a corporation for U.S. federal income tax or state tax purposes, then our distributions to our comm substantially reduced and the value of our common units would be adversely affected.

The value of our common units depends in part on our being treated as a partnership for U.S. federal income tax purposes,
more of our gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal R
Blackstone Group L.P. not be registered under the 1940 Act. Qualifying income generally includes dividends, interest, cap
other disposition of stocks and securities and certain other forms of investment income. We may not meet these requireme
change so as to cause, in either event, us to be treated as a corporation for U.S. federal income tax purposes or otherwise s
income tax. Moreover, the anticipated after-tax benefit of an investment in our common units depends largely on our bein
U.S. federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our tax
tax rate. Distributions to our common unitholders would generally be taxed again as corporate distributions, and no incom
or credits would flow through to you. Because a tax would be imposed upon us as a corporation, our distributions to our c
substantially reduced, likely causing a substantial reduction in the value of our common units.

Current law may change, causing us to be treated as a corporation for U.S. federal or state income tax purposes or otherwi
level taxation. See The U.S. Congress has considered legislation that, if enacted, would have (a) for taxable years begi
enactment, precluded us from qualifying as a partnership for U.S. federal income tax purposes or required us to hold carri
subsidiary corporations and (b) taxed individual holders of common units with respect to certain income and gains at incre
legislation were to be enacted and apply to us, we could incur a material increase in our tax liability and a substantial porti
taxed at a higher rate to the individual holders of our common units. For example, because of widespread state budget de
evaluated ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other fo
were to impose a tax upon us as an entity, our distributions to our common unitholders would be reduced.

Our common unitholders may be subject to U.S. federal income tax on their share of our taxable income, regardless of cash distributions from us.

As long as 90% of our gross income for each taxable year constitutes qualifying income as defined in Section 7704 of the
we are not required to register as an investment company under the

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1940 Act on a continuing basis, we will be treated, for U.S. federal income tax purposes, as a partnership and not as an ass
partnership taxable as a corporation. Accordingly, each unitholder will be required to take into account its allocable share
loss and deduction of the Partnership. Distributions to a unitholder will generally be taxable to the unitholder for U.S. fede
only to the extent the amount distributed exceeds the unitholder s tax basis in the unit. That treatment contrasts with the tr
corporation. For example, a shareholder in a corporation who receives a distribution of earnings from the corporation will
distribution as dividend income for U.S. federal income tax purposes. In contrast, a holder of our units who receives a dist
will not report the distribution as dividend income (and will treat the distribution as taxable only to the extent the amount
unitholder s tax basis in the units), but will instead report the holder s allocable share of items of our income for U.S. fed
result, our common unitholders may be subject to U.S. federal, state, local and possibly, in some cases, foreign income tax
share of our items of income, gain, loss, deduction and credit (including our allocable share of those items of any entity in
treated as a partnership or is otherwise subject to tax on a flow through basis) for each of our taxable years ending with or
regardless of whether or not a common unitholder receives cash distributions from us.

Our common unitholders may not receive cash distributions equal to their allocable share of our net taxable income or eve
from that income. In addition, certain of our holdings, including holdings, if any, in a Controlled Foreign Corporation, or
Investment Company, or PFIC, may produce taxable income prior to the receipt of cash relating to such income, and co
taxpayers will be required to take such income into account in determining their taxable income. In the event of an inadver
partnership status for which the IRS has granted us limited relief, each holder of our common units may be obligated to ma
IRS may require to maintain our status as a partnership. Such adjustments may require persons holding our common units
amounts in income during the years in which they hold such units.

***The Blackstone Group L.P. s interest in certain of our businesses are held through Blackstone Holdings I/II GP Inc. o
GP L.P., which are treated as corporations for U.S. federal income tax purposes; such corporations may be liable for si
create other adverse tax consequences, which could potentially adversely affect the value of your investment.***

In light of the publicly traded partnership rules under U.S. federal income tax law and other requirements, The Blackstone
in certain of our businesses through Blackstone Holdings I/II GP Inc. or Blackstone Holdings IV GP L.P., which are treate
federal income tax purposes. Each such corporation could be liable for significant U.S. federal income taxes and applicabl
that would not otherwise be incurred, which could adversely affect the value of our common units.

***Complying with certain tax-related requirements may cause us to invest through foreign or domestic corporations subje
or enter into acquisitions, borrowings, financings or arrangements we may not have otherwise entered into.***

In order for us to be treated as a partnership for U.S. federal income tax purposes and not as an association or publicly trad
corporation, we must meet the Qualifying Income Exception discussed above on a continuing basis and we must not be re
investment company under the 1940 Act. In order to effect such treatment, we (or our subsidiaries) may be required to inv
domestic corporations subject to corporate income tax, or enter into acquisitions, borrowings, financings or other transacti
otherwise entered into. This may adversely affect our ability to operate solely to maximize our cash flow.

Tax gain or loss on disposition of our common units could be more or less than expected.

If a holder of our common units sells the common units it holds, it will recognize a gain or loss equal to the difference betw
and the adjusted tax basis in those common units. Prior distributions to such

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common unitholder in excess of the total net taxable income allocated to such common unitholder, which decreased the ta
will in effect become taxable income to such common unitholder if the common units are sold at a price greater than such
basis in those common units, even if the price is less than the original cost. A portion of the amount realized, whether or n
ordinary income to such common unitholder.

If we were not to make, or cause to be made, an otherwise available election under Section 754 of the Internal Revenue basis or the asset basis of certain of the Blackstone Holdings Partnerships, a holder of common units could be allocate respect of those common units prior to disposition than if such an election were made.

We currently do not intend to make, or cause to be made, an election to adjust asset basis under Section 754 of the Interna
to us, Blackstone Holdings III L.P. or Blackstone Holdings IV L.P. If no such election is made, there will generally be no
the assets of Blackstone Holdings III L.P. or Blackstone Holdings IV L.P. upon our acquisition of interests in Blackstone
Blackstone Holdings IV L.P. in connection with our initial public offering, or to our assets or to the assets of Blackstone H
Blackstone Holdings IV L.P. upon a subsequent transferee s acquisition of common units from a prior holder of such co
purchase price for those interests or units, as applicable, is greater than the share of the aggregate tax basis of our assets or
Holdings III L.P. or Blackstone Holdings IV L.P. attributable to those interests or units immediately prior to the acquisitio
of an asset by us, Blackstone Holdings III L.P. or Blackstone Holdings IV L.P., gain allocable to a holder of common unit
in the asset existing at the time we acquired those interests, or such holder acquired such units, which built-in gain would
eliminated if a Section 754 election had been made.

Non-U.S. persons face unique U.S. tax issues from owning common units that may result in adverse tax consequences

In light of our investment activities, we will be treated as engaged in a U.S. trade or business for U.S. federal income tax p
some portion of our income to be treated as effectively connected income with respect to non-U.S. holders, or ECI. Mo
investment that we make in a real estate investment trust, or REIT, that are attributable to gains from the sale of U.S. re
of certain investments in interests in U.S. real property, including stock of certain U.S. corporations owning significant U.
treated as ECI with respect to certain non-U.S. holders. In addition, certain income of non-U.S. holders from U.S. sources
U.S. trade or business conducted by us could be treated as ECI. To the extent our income is treated as ECI, non-U.S. hold
subject to withholding tax on their allocable shares of such income, would be required to file a U.S. federal income tax ret
their allocable shares of income effectively connected with such trade or business and any other income treated as ECI, an
federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in
holders that are corporations may also be subject to a 30% branch profits tax on their allocable share of such income. In a
U.S. sources that is not ECI allocable to non-U.S. holders may be reduced by withholding taxes imposed at the highest eff
portion of any gain recognized by a non-U.S. holder on the sale or exchange of common units could also be treated as EC

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to t

In light of our investment activities, we will be treated as deriving income that constitutes unrelated business taxable inc
a holder of common units that is a tax-exempt organization may be subject to unrelated business income tax to the exte
income consists of UBTI. A tax-exempt partner of a partnership could be treated as earning UBTI if the partnership regula
business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-fin
partnership interest itself is debt-financed.

We cannot match transferors and transferees of common units, and we have therefore adopted certain income tax acco not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could advers common units.

Because we cannot match transferors and transferees of common units, we have adopted depreciation, amortization and ot that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions coul amount of tax benefits available to our common unitholders. It also could affect the timing of these tax benefits or the amo common units and could have a negative impact on the value of our common units or result in audits of and adjustments to tax returns.

The sale or exchange of 50% or more of our capital and profit interests will result in the termination of our partnership for purposes. We will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchang total interests in our capital and profits within a 12-month period. Our termination would, among other things, result in the for all common unitholders and could result in a deferral of depreciation deductions allowable in computing our taxable in

Common unitholders will be subject to state and local taxes and return filing requirements as a result of investing in ou

In addition to U.S. federal income taxes, our common unitholders are subject to other taxes, including state and local taxes taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or ov future, even if our common unitholders do not reside in any of those jurisdictions. Our common unitholders are likely to be local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, common unitho penalties for failure to comply with those requirements. It is the responsibility of each common unitholder to file all U.S. f returns that may be required of such common unitholder. Our counsel has not rendered an opinion on the state or local tax investment in our common units.

While we anticipate that we will be able to provide to each unitholder specific tax information within 90 days after the c we cannot guarantee this will be the case. To the extent we are unable to furnish the information within 90 days, holder U.S. taxpayers may need to file a request for an extension of the due date of their income return. In addition, it is possi unitholders may be required to file amended income tax returns.

It may require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier en prepared for the Partnership. For this reason, holders of common units who are U.S. taxpayers should anticipate the need t (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return addition, it is possible that a common unitholder will be required to file amended income tax returns as a result of adjustm corresponding income tax returns of the partnership. Any obligation for a unitholder to file amended income tax returns fo including any costs incurred in the preparation or filing of such returns, is the responsibility of each common unitholder.

Certain U.S. holders of common units are subject to additional tax on net investment income.

U.S. holders that are individuals, estates or trusts are subject to a Medicare tax of 3.8% on net investment income (or un income, in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes net income fro annuities, royalties and rents and net gain attributable to the disposition of investment property. Net income and gain attrib the Partnership will be included in a U.S. holder s net investment income subject to this Medicare tax.

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We may be liable for adjustments to our tax returns as a result of recently enacted legislation.

Legislation was recently enacted that significantly changes the rules for U.S. federal income tax audits of partnerships. Su
conducted at the partnership level, but with respect to tax returns for taxable years beginning after December 31, 2017, an
qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interes
payable by the partnership. Under the elective alternative procedure, a partnership would issue information returns to pers
audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and th
liable for the adjustments. If a partnership elects the alternative procedure for a given adjustment, the amount of taxes for
liable would be increased by any applicable penalties and a special interest charge. There can be no assurance that we will
election or that we will, in fact, make such an election for any given adjustment. If we do not or are not able to make such
then-current common unitholders, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate a
have been due had we elected the alternative procedure, and (b) a given common unitholder may indirectly bear taxes attr
to other common unitholders or former common unitholders, including taxes (as well as interest and penalties) with respe
holder s ownership of common units. Amounts available for distribution to our common unitholders may be reduced as a
any taxes associated with an adjustment. Many issues and the overall effect of this new legislation on us are uncertain, an
consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in leased office space at 345 Park Avenue, New York, New York. As of Decen
offices in Beijing, Dubai, Dublin, Düsseldorf, Hong Kong, Houston, London, Los Angeles, Madrid, Montecito, Mexico C
Paulo, Seoul, Shanghai, Singapore, Sydney, Tokyo and Toronto. We do not own any real property. We consider these faci
adequate for the management and operations of our business.

ITEM 3. LEGAL PROCEEDINGS

We may from time to time be involved in litigation and claims incidental to the conduct of our business. Our businesses a
regulation, which may result in regulatory proceedings against us. See Item 1A. Risk Factors above. We are not curren
judicial, administrative or arbitration proceedings that we expect to have a material impact on our consolidated financial s
the inherent unpredictability of these types of proceedings and the potentially large and/or indeterminate amounts that cou
that an adverse outcome in certain matters could have a material effect on Blackstone s financial results in any particular

The SEC has publicly indicated that it is specifically focused on private equity practices regarding fees and other conflicts
among other things, the widespread industry practice of receiving fees from portfolio companies in connection with the te
agreements upon the initial public offering or disposition of such companies. The SEC had reviewed our historical monit
2012 in their regular exam process. In June 2014, we voluntarily modified our monitoring fee practices in ways that are be
investors, including eliminating any such payments beyond the year of sale for full dispositions and limiting payments fol
the expansion in 2012 of the disclosure that was already being made to private equity investors regarding such fees. As pr
October 2014 the SEC informally requested additional information about our historical monitoring fee termination practi

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also asked for additional information about certain pre-2011 practices relating to the application of disparate vendor discou
funds that were changed in 2011 and had also been previously reviewed by the SEC in 2012. As previously disclosed in ou
10-Q for the quarter ended September 30, 2015, on October 7, 2015, without admitting or denying any wrongdoing, three
equity fund advisers (the Fund Advisers) consented to the entry of an order settling these matters in connection with fur
According to the SEC order, with respect to these legacy funds, the Fund Advisers did not provide sufficient pre-commitm
possibility of accelerating otherwise authorized fees upon termination of monitoring fee agreements with their portfolio co
recognized, however, that such fees were disclosed in distribution notices, quarterly reports and in the case of initial public
companies, in Form S-1 filings, and were subject to an explicit Limited Partner Advisory Committee objection right that w
order also found that the Fund Advisers did not adequately disclose that certain legal fee discounts they received, prior to 2
discounts received by the funds. The SEC order recognized, however, that in early 2011, the Fund Advisers voluntarily ch
Advisers agreed as part of the settlement to pay disgorgement of $26,225,203 (plus prejudgment interest of $2,686,553) to
funds and a civil monetary penalty of $10,000,000 to the SEC.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II.

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS A OF EQUITY SECURITIES

Our common units representing limited partner interests are traded on the New York Stock Exchange (NYSE) under th units began trading on the NYSE on June 22, 2007.

The number of holders of record of our common units as of February 19, 2016 was 98. This does not include the number c common units in street name through banks or broker-dealers.

The following table sets forth the high and low intra-day sales prices per common unit, for the periods indicated, as report unit common unitholder distributions for the indicated fiscal quarters:

	2015			
	High	Low	Common Unitholder Distributions (a)	High
First Quarter	$ 39.62	$ 32.36	$ 0.89	$ 35.39
Second Quarter	$ 44.43	$ 38.31	$ 0.74	$ 34.48
Third Quarter	$ 42.60	$ 28.56	$ 0.49	$ 36.08
Fourth Quarter	$ 35.24	$ 26.82	$ 0.61	$ 34.70

(a) Per common unit, presented on a fiscal quarter basis.

Cash Distribution Policy

With respect to fiscal year 2015, we have paid to common unitholders distributions of $0.89, $0.74, $0.49 and $0.61 per c first, second, third and fourth quarters, respectively, aggregating $2.73 per common unit. We have also paid to the Blackst who are limited partners of the Blackstone Holdings Partnerships distributions of $0.90, $0.74, $0.49 and $0.65 per Blacks Unit in respect of the first, second, third and fourth quarters, respectively, aggregating $2.78 per Blackstone Holdings Part

With respect to fiscal year 2014, we paid to common unitholders distributions of $0.35, $0.55, $0.44 and $0.78 per comm second, third and fourth quarters, respectively, aggregating $2.12 per common unit. We also paid $0.38, $0.60, $0.56 and Holdings Partnership Unit in respect of the first, second, third and fourth quarters, respectively, aggregating $2.46 per Bla Partnership Unit.

Distributable Earnings, which is a component of Economic Net Income, is the sum across all segments of: (a) Total Mana (b) Interest and Dividend Revenue, (c) Other Revenue, (d) Realized Performance Fees, and (e) Realized Investment Incom (a) Compensation, excluding the expense of equity-based awards, (b) Realized Performance Fee Compensation, (c) Other (d) Taxes and Payables Under the Tax Receivable Agreement.

Our intention is to distribute quarterly to common unitholders approximately 85% of The Blackstone Group L.P. s share c subject to adjustment by amounts determined by Blackstone s general partner to be necessary or appropriate to provide fo to make appropriate investments in its business and funds, to comply with applicable law, any of its debt instruments or ot provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders fo amount distributed could also be adjusted upward in any one quarter.

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All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discr
and our general partner may change our distribution policy at any time, including, without limitation, to eliminate such dis

Because The Blackstone Group L.P. is a holding partnership and has no material assets other than its ownership of partner
Holdings held through wholly owned subsidiaries, we fund distributions by The Blackstone Group L.P., if any, in three ste

First, we cause Blackstone Holdings to make distributions to its partners, including The Blackstone Group L.P
subsidiaries. If Blackstone Holdings makes such distributions, the limited partners of Blackstone Holdings wil
equivalent distributions pro rata based on their partnership interests in Blackstone Holdings (except as set fort
paragraph),

Second, we cause The Blackstone Group L.P. s wholly owned subsidiaries to distribute to The Blackstone Gr
distributions, net of the taxes and amounts payable under the tax receivable agreement by such wholly owned

Third, The Blackstone Group L.P. distributes its net share of such distributions to our common unitholders on
Because the wholly owned subsidiaries of The Blackstone Group L.P. must pay taxes and make payments under the tax re
described in Note 17. Related Party Transactions in the Notes to Consolidated Financial Statements in Item 8. Fi
Supplementary Data, the amounts ultimately distributed by The Blackstone Group L.P. to its common unitholders are ex
basis, than the amounts distributed by the Blackstone Holdings Partnerships to the Blackstone personnel and others who a
Blackstone Holdings Partnerships in respect of their Blackstone Holdings Partnership Units.

In addition, the partnership agreements of the Blackstone Holdings Partnerships provide for cash distributions, which we r
to the partners of such partnerships if the wholly owned subsidiaries of The Blackstone Group L.P. which are the general p
Holdings Partnerships determine that the taxable income of the relevant partnership will give rise to taxable income for its
tax distributions will be computed based on our estimate of the net taxable income of the relevant partnership allocable to
assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed
corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character
Blackstone Holdings Partnerships will make tax distributions only to the extent distributions from such partnerships for th
otherwise insufficient to cover such estimated assumed tax liabilities.

Under the Delaware Limited Partnership Act, we may not make a distribution to a partner if after the distribution all our li
liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to
partnership, would exceed the fair value of our assets. If we were to make such an impermissible distribution, any limited
distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partners
for the amount of the distribution for three years. In addition, the terms of our revolving credit facility or other financing a
to time include covenants or other restrictions that could constrain our ability to make distributions.

Unit Repurchases in the Fourth Quarter of 2015

In January 2008, the Board of Directors of our general partner, Blackstone Group Management L.L.C., authorized the repu
million of Blackstone common units and Blackstone Holdings Partnership Units. Under this unit repurchase program, unit
time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual numb
units and Blackstone Holdings Partnership Units repurchased will depend on a variety of factors, including legal requirem
and market conditions. The unit repurchase program may be suspended or discontinued at any time and does not have a sp
During the three months ended December 31, 2015, no units were repurchased. As of December 31, 2015, the amount rem
available for repurchases was $335.8 million. See Item 8. Financial Statements and Supplementary Data Notes to Cons
Note 15. Net Income Per Common Unit and Item 7. Management s Discussion and Analysis of Financial Condition
Liquidity and Capital Resources Liquidity Needs for further information regarding this unit repurchase program.

As permitted by our policies and procedures governing transactions in our securities by our directors, executive officers ar
time to time some of these persons may establish plans or arrangements complying with Rule 10b5-1 under the Exchange
arrangements relating to our common units and Blackstone Holdings Partnership Units.

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ITEM 6. SELECTED FINANCIAL DATA

The consolidated statements of financial condition and income data as of and for the five years ended December 31, 2015 consolidated financial statements. The audited Consolidated Statements of Financial Condition as of December 31, 2015 a Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013 are included elsewhere in t Consolidated Statements of Financial Condition as of December 31, 2013, 2012 and 2011 and the Consolidated Statement ended December 31, 2012 and 2011 are not included in this Form 10-K. Historical results are not necessarily indicative of period.

The selected consolidated financial data should be read in conjunction with Item 7. Management s Discussion and An Results of Operations and our consolidated financial statements and related notes included elsewhere in this Form 10-K:

	Year Ended December 3		
	2015	2014	2013
			(Dollars in Thousands)
Revenues			
Management and Advisory Fees, Net	$ 2,542,505	$ 2,497,252	$ 2,193,985
Performance Fees	1,796,666	4,374,262	3,544,057
Investment Income	204,642	534,000	800,308
Interest and Dividend Revenue and Other	102,739	79,214	74,818
Total Revenues	4,646,552	7,484,728	6,613,168
Expenses			
Compensation and Benefits	2,290,751	3,154,371	3,257,667
General, Administrative and Other	576,103	549,463	474,442
Interest Expense	144,522	121,524	107,973
Fund Expenses	79,499	30,498	26,658
Total Expenses	3,090,875	3,855,856	3,866,740
Other Income			
Reversal of Tax Receivable Agreement Liability	82,707		20,469
Net Gains from Fund Investment Activities	176,364	357,854	381,664
Total Other Income	259,071	357,854	402,133
Income Before Provision for Taxes	1,814,748	3,986,726	3,148,561
Provision for Taxes	190,398	291,173	255,642
Net Income (Loss)	1,624,350	3,695,553	2,892,919
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	11,145	74,794	183,315
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	219,900	335,070	198,557
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	683,516	1,701,100	1,339,845
Net Income (Loss) Attributable to The Blackstone Group L.P.	$ 709,789	$ 1,584,589	$ 1,171,202

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	Year Ended December 3		
	2015	2014	2013
Net Income (Loss) Per Common Unit, Basic and Diluted			
Common Units, Basic	$ 1.12	$ 2.60	$ 2.00
Common Units, Diluted	$ 1.04	$ 2.58	$ 1.98
Distributions Declared Per Common Unit (a)	$ 2.90	$ 1.92	$ 1.18

(a) Distributions declared reflects the calendar date of declaration for each distribution. The fourth quarter distribution, will be declared and paid in the subsequent fiscal year. For fiscal year 2015, we declared a final fourth quarter distri $0.61, which was paid in February 2016.

			December 31,	
	2015	2014	2013 (Dollars in Thousands)	
Statement of Financial Condition Data				
Total Assets (a)	$ 22,526,080	$ 31,497,097	$ 29,668,959	$ 28
Senior Notes	$ 2,797,060	$ 2,136,706	$ 1,654,659	$ 1
Total Liabilities (a)	$ 10,295,623	$ 14,163,550	$ 15,291,288	$ 17
Redeemable Non-Controlling Interests in Consolidated Entities	$ 183,459	$ 2,441,854	$ 1,950,442	$ 1
Total Partners Capital	$ 12,046,998	$ 14,891,693	$ 12,427,229	$ 9

(a) The decrease in total assets, total liabilities and redeemable non-controlling interests in consolidated entities from D December 31, 2015 was principally due to the adoption as of January 1, 2015 of new accounting consolidation guid deconsolidation of certain Blackstone Funds. For more information, see Item 8. Financial Statements and Supplem Consolidated Financial Statements Note 2. Summary of Significant Accounting Policies Recent Accounting De total assets and total liabilities from December 31, 2011 to December 31, 2012 was principally due to the acquisitio leading European leveraged loan manager and adviser and the resultant GAAP required consolidation of certain ma

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

The following discussion and analysis should be read in conjunction with The Blackstone Group L.P. s consolidated fina related notes included within this Annual Report on Form 10-K.

Our Business

Blackstone is one of the largest independent managers of private capital in the world. Our business is organized into four s

Private Equity. We are a world leader in private equity investing, having managed six general private equity focused funds, since we established this business in 1987. We refer to these managed corporate private equity Blackstone Capital Partners (BCP) funds. Our Private Equity segment also includes Blackstone Tactical Op Opportunities), our opportunistic investment platform that invests globally across asset classes, industries an Partners Fund Solutions (Strategic Partners), a secondary private fund of funds business, Blackstone Total a new multi-asset investment program for eligible high net worth investors offering exposure to certain of Bla investment strategies through a single commitment, and our capital markets services business (BXCM). Ou business pursues transactions throughout the world across a variety of transaction types, including large buyou and build platforms (which involve multiple acquisitions behind a single management team and platform) and projects (which involve significant minority investments in mature companies and greenfield development pro Tactical Opportunities seeks to capitalize on time-sensitive, complex and dislocated market situations across a geographies in a broad range of investments, including private and public securities, and instruments, where th be to equity, debt, and/or real assets. Strategic Partners focuses on delivering access to a range of opportunitie database to acquire single fund interests or complex portfolios in an efficient and timely manner.

Real Estate. Since our start in 1991, we have become a world leader in real estate investing. We have manage number of global, European and Asian focused opportunistic real estate funds, several real estate debt investm publicly traded real estate investment trust (BXMT) and several core+ real estate funds. We refer to our op our Blackstone Real Estate Partners (BREP) funds, our real estate debt investment vehicles as our Blacksto (BREDS) funds and our core+ real estate funds as our Blackstone Property Partners (BPP) funds.

Our BREP funds are geographically diversified and target a broad range of opportunistic real estate and real estate relat generally undermanaged assets with higher potential for equity appreciation. BREP has made significant investments in lo shopping centers, residential and a variety of real estate operating companies.

Our BREDS vehicles target real estate debt related investment opportunities in the public and private markets, primarily Europe.

Our BPP funds are geographically diversified and target substantially stabilized assets generating relatively stable cash flo multifamily, industrial and retail assets in gateway markets.

Hedge Fund Solutions. Blackstone s Hedge Fund Solutions segment is comprised principally of Blackstone Management (BAAM). BAAM is the world s largest discretionary allocator to hedge funds, managing a b customized hedge fund of fund solutions since its inception in 1990. The Hedge Fund Solutions segment also

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platforms that seed new hedge fund talent, purchase ownership interests in more established hedge funds, inve
opportunities, create alternative solutions in regulated structures and trade long and short public equities.

Credit. Our Credit segment consists principally of GSO Capital Partners LP (GSO), a global leader in man
within private and public debt market strategies. GSO s products include senior credit-focused funds, mezzan
funds, general credit-focused funds, registered investment companies, separately managed accounts and collat
(CLO) vehicles.

Please see Significant Transactions below for information regarding the previously reported Financial Advisory segm

We generate revenue from fees earned pursuant to contractual arrangements with funds, fund investors and fund portfolio
management, transaction and monitoring fees), and from capital markets services. We invest in the funds we manage and,
preferred allocation of income (i.e., a carried interest) or an incentive fee from an investment fund in the event that specifi
returns are achieved (generally collectively referred to as Performance Fees). The composition of our revenues will var
and the cyclicality of the different businesses in which we operate. Net investment gains and investment income generated
principally private equity and real estate funds, are driven by value created by our operating and strategic initiatives as wel
conditions. Fair values are affected by changes in the fundamentals of the portfolio company, the portfolio company s ind
and other market conditions.

Business Environment

Blackstone s businesses are materially affected by conditions in the financial markets and economic conditions in the U.S
lesser extent, elsewhere in the world.

Global equity indices were marked by high volatility during 2015, with the CBOE volatility index reaching its highest leve
markets began 2015 on strong footing, but suffered declines in the second half of the year, as concerns about slowing grow
implications for global economic growth, falling oil and commodity prices and central bank monetary policy began to wei
sentiment. The trends had varying impacts on full-year equity market performance: the S&P 500 ended the year down 0.7
was down 2.7%, the FTSE 100 was down 4.9%, and the Hang Seng down 7.2%; other indices had positive performance, i
5.7%, Euro Stoxx 50 up 3.8%, the Nikkei 225 up 9.1%.

Signs of slowing Chinese growth continued to emerge during 2015 and slowing momentum in the economy fed into Chine
official growth rate of 6.9%, China registered its slowest annual GDP growth rate in nearly 25 years. After the Shanghai c
50% to reach its all-time high in the first half of the year, it fell more than more than 30% in the second half of 2015, and e
effort to boost the economy, the People s Bank of China enacted a number of stimulus measures during 2015, and seemed
efforts in 2016. China also allowed the yuan to depreciate against the U.S. Dollar and renewed the possibility it would mo
against a basket of global currencies to give it greater flexibility to manage its monetary policy.

Oil prices continued their downward trend in 2015, falling more than 30% and ending the year at $37 a barrel. Resilient pr
globally, ample existing supply, and reduced demand from key emerging economies, including China and India, were all c
retail gas prices fell to $2.00 a gallon, a six-year low, but the impact to overall consumer spending remained unclear. Larg
sharp declines in earnings and spending cutbacks feeding into longer-term concerns for U.S. employment and job growth.

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In addition to oil and gas, prices for other commodities also fell in 2015. The impact of falling commodity prices was felt p
commodity-driven emerging market countries in 2015. A number of Latin American currencies depreciated by double-dig
U.S. dollar, with the Argentine peso and Brazilian real each losing around half their value. Many Latin American equity in
declines, including the Brazilian Bovespa, which declined by more than 13% in 2015.

Against the backdrop of growing global investor pessimism and energy sector weakness, the U.S. economy continued to s
in 2015. The U.S. continued to grow real GDP at over 2% and ended the year with 5.0% unemployment, its lowest level si
for inflation, consumer spending held steady. In December 2015, the Federal Reserve raised interest rates from a target ran
of 0.25% to 0.50% and stated intentions to raise rates at a gradual pace going forward while continuing to monitor econ
globally. The rate increase ended a historic second year near-zero interest rate environment.

Concerns about global growth prospects, liquidity, energy exposure and uncertainty on interest rates also weighed on cred
spreads widened materially to nearly 750 basis points, an increase of almost 200 basis points, and high-yield issuance fell
equity capital market activity for both IPOs and follow-ons fell significantly year-over-year, driven by declining U.S. and
midst of heightened market volatility.

Significant Transactions

On October 1, 2015, Blackstone completed the previously-announced spin-off of the operations that have historically cons
Financial Advisory segment, other than Blackstone s capital markets services business. Blackstone s capital markets serv
was not part of the spin-off. The financial and strategic advisory services, restructuring and reorganization advisory servic
businesses were spun-off from Blackstone and combined with PJT Capital LP, an independent financial advisory firm fou
form an independent, publicly traded company called PJT Partners Inc.

Concurrently with the spin-off, the results attributable to the capital markets services business, BXCM, from its inception
March 31, 2013 through the period ended September 30, 2015 were reclassified to the Private Equity segment. For periods
the recast Financial Advisory segment has no results of operations. The recast historical Financial Advisory segment inclu
advisory services, restructuring and reorganization services and fund placement services for alternative investment funds.

On October 1, 2015, Blackstone formed a new holding partnership, Blackstone Holdings AI L.P., which will hold certain
operate in a manner similar to the existing Blackstone Holdings Partnerships.

On May 19, 2015, Blackstone issued 300 million in aggregate principal amount of 2.000% senior notes which will matur

On April 27, 2015, Blackstone issued $350 million in aggregate principal amount of 4.450% senior notes which will matu

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Organizational Structure

The simplified diagram below depicts our organizational structure. The diagram does not depict all of our subsidiaries, inc
companies through which certain of the subsidiaries depicted are held.

(See Significant Transactions above for additional information on our organizational struc

Key Financial Measures and Indicators

We manage our business using traditional financial measures and key operating metrics since we believe these metrics me
investment activities. Our key financial measures and indicators are discussed below.

Revenues

Revenues primarily consist of management and advisory fees, performance fees, investment income, interest and dividend
refer to Part I. Item 1. Business Incentive Arrangements / Fee Structure and Critical Accounting Policies Reven
information regarding the manner in which Base Management Fees and Performance Fees are generated.

Management and Advisory Fees, Net Management and Advisory Fees, Net are comprised of management fees, includin
transaction and other fees and advisory fees net of management fee reductions and offsets.

The Partnership earns base management fees from limited partners of funds in each of its managed funds, at a fixed percer
management, net asset value, total assets, committed capital or invested capital, or in some cases, a fixed fee. Base manage
based on contractual terms specified in the underlying investment advisory agreements.

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Transaction and other fees (including monitoring fees) are fees charged directly to managed funds and portfolio companie
agreements generally require that the investment adviser reduce the amount of management fees payable by the limited pa
(management fee reductions) by an amount equal to a portion of the transaction and other fees directly paid to the Partn
companies. The amount of the reduction varies by fund, the type of fee paid by the portfolio company and the previously i
fund.

Management fee offsets are reductions to management fees payable by the limited partners of the Blackstone Funds, which
amount such limited partners reimburse the Blackstone Funds for placement fees.

Advisory fees consist of advisory retainer and transaction-based fee arrangements related to financial and strategic adviso
reorganization advisory services, capital markets services and fund placement services for alternative investment funds. A
recognized when services for the transactions are complete, in accordance with terms set forth in individual agreements. T
recognized when (a) there is evidence of an arrangement with a client, (b) agreed upon services have been provided, (c) fe
and (d) collection is reasonably assured. Fund placement fees are recognized as earned upon the acceptance by a fund of c
commitments.

Accrued but unpaid Management and Advisory Fees, net of management fee reductions and management fee offsets, as of
included in Accounts Receivable or Due from Affiliates in the Consolidated Statements of Financial Condition. Managem
partners to the Blackstone Funds and passed on to Blackstone are not considered affiliate revenues.

Performance Fees Performance Fees earned on the performance of Blackstone s hedge fund structures (Incentive Fee
performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance v
out in each hedge fund s governing agreements. Accrued but unpaid Incentive Fees charged directly to investors in Black
as of the reporting date are recorded within Due from Affiliates in the Consolidated Statements of Financial Condition. Ac
Fees on onshore funds as of the reporting date are reflected in Investments in the Consolidated Statements of Financial Co
realized at the end of a measurement period, typically annually. Once realized, such fees are not subject to clawback or rev

In certain fund structures, specifically in private equity, real estate and certain hedge fund solutions and credit-focused fun
performance fees (Carried Interest) are allocated to the general partner based on cumulative fund performance to date, s
limited partners. At the end of each reporting period, the Partnership calculates the Carried Interest that would be due to th
pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespecti
have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make a
recorded as Carried Interest to reflect either (a) positive performance resulting in an increase in the Carried Interest allocat
(b) negative performance that would cause the amount due to the Partnership to be less than the amount previously recogn
a negative adjustment to Carried Interest allocated to the general partner. In each scenario, it is necessary to calculate the C
cumulative results compared to the Carried Interest recorded to date and make the required positive or negative adjustmen
record negative Carried Interest allocations once previously recognized Carried Interest allocations for such fund have bee
Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Carried Interest over
but unpaid Carried Interest as of the reporting date is reflected in Investments in the Consolidated Statements of Financial

Carried Interest is realized when an underlying investment is profitably disposed of and the fund s cumulative returns are
return or, in limited instances, after certain thresholds for return of capital are

met. Carried Interest is subject to clawback to the extent that the Carried Interest received to date exceeds the amount due
cumulative results. As such, the accrual for potential repayment of previously received Carried Interest, which is a compo
represents all amounts previously distributed to Blackstone Holdings and non-controlling interest holders that would need
Blackstone Funds if the Blackstone Carry Funds were to be liquidated based on the current fair value of the underlying fu
reporting date. The actual clawback liability, however, generally does not become realized until the end of a fund s life ex
including certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may hav
liability.

Investment Income (Loss) Investment Income (Loss) represents the unrealized and realized gains and losses on the Partn
including its investments in Blackstone Funds that are not consolidated, its equity method investments, and other principal
Income (Loss) is realized when the Partnership redeems all or a portion of its investment or when the Partnership receives
dividends or distributions. Unrealized Investment Income (Loss) results from changes in the fair value of the underlying in
reversal of unrealized gain (loss) at the time an investment is realized.

Interest and Dividend Revenue Interest and Dividend Revenue comprises primarily interest and dividend income earned
by Blackstone.

Other Revenue Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transa
currencies other than U.S. dollars.

Expenses

Compensation and Benefits Compensation Compensation and Benefits consists of (a) employee compensation, compr
benefits paid and payable to employees and senior managing directors and (b) equity-based compensation associated with
awards to employees and senior managing directors. Compensation cost relating to the issuance of equity-based awards to
and employees is measured at fair value at the grant date, taking into consideration expected forfeitures, and expensed ove
straight-line basis, except in the case of (a) equity-based awards that do not require future service, which are expensed imm
awards to recipients that meet specified criteria making them eligible for retirement treatment (allowing such recipient to k
awards upon departure from Blackstone after becoming eligible for retirement), for which the expense for the portion of th
retained in the event of retirement is either expensed immediately or amortized to the retirement date. Cash settled equity-
as liabilities and are remeasured at the end of each reporting period.

Compensation and Benefits Performance Fee Performance Fee Compensation consists of Carried Interest (which may
in-kind) and Incentive Fee allocations, and may in future periods also include allocations of investment income from Blac
employees and senior managing directors participating in certain profit sharing initiatives. Such compensation expense is s
negative adjustments. Unlike Carried Interest and Incentive Fees, compensation expense is based on the performance of in
by a fund rather than on a fund by fund basis. Compensation received from advisory clients in the form of securities of suc
allocated to employees and senior managing directors.

Other Operating Expenses Other Operating Expenses represents general and administrative expenses including interest
equipment expenses and other expenses, which consist principally of professional fees, public company costs, travel and r
communications and information services and depreciation and amortization.

Fund Expenses The expenses of our consolidated Blackstone Funds consist primarily of interest expense, professional fe
expenses.

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Non-Controlling Interests in Consolidated Entities

Non-Controlling Interests in Consolidated Entities represent the component of Partners Capital in consolidated Blacksto
investors and employees. The percentage interests held by third parties and employees is adjusted for general partner allo
and redemptions in funds of hedge funds and certain credit-focused funds which occur during the reporting period. In addi
interests in consolidated Blackstone Funds are attributed a share of income (loss) arising from the respective funds and a s
income, if applicable. Income (Loss) is allocated to non-controlling interests in consolidated entities based on the relative
party investors and employees after considering any contractual arrangements that govern the allocation of income (loss)
Blackstone Group L.P.

Redeemable Non-Controlling Interests in Consolidated Entities

Non-controlling interests related to funds of hedge funds and certain other credit-focused funds are subject to annual, sem
redemption by investors in these funds following the expiration of a specified period of time, or may be withdrawn subjec
funds of hedge funds and certain credit-focused funds during the period when capital may not be withdrawn. As limited p
funds have been granted redemption rights, amounts relating to third party interests in such consolidated funds are present
Non-Controlling Interests in Consolidated Entities within the Consolidated Statements of Financial Condition. When rede
legally payable to investors, they are classified as a liability and included in Accounts Payable, Accrued Expenses and Ot
Consolidated Statements of Financial Condition. For all consolidated funds in which redemption rights have not been gra
interests are presented within Partners Capital in the Consolidated Statements of Financial Condition as Non-Controlling
Entities.

Non-Controlling Interests in Blackstone Holdings

Non-Controlling Interests in Blackstone Holdings represent the component of Partners Capital in the consolidated Black
held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships.

Certain costs and expenses are borne directly by the Holdings Partnerships. Income (Loss), excluding those costs directly
the Holdings Partnerships, is attributable to Non-Controlling Interests in Blackstone Holdings. This residual attribution is
average percentage of Blackstone Holdings Partnership Units held by Blackstone personnel and others who are limited pa
Holdings Partnerships.

Income Taxes

The Blackstone Holdings Partnerships and certain of their subsidiaries operate in the U.S. as partnerships for U.S. federal
generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to New Yor
business taxes or non-U.S. income taxes. In addition, certain of the wholly owned subsidiaries of the Partnership and the
Partnerships will be subject to federal, state and local corporate income taxes at the entity level and the related tax provisi
Partnership s share of this income tax is reflected in the Consolidated Financial Statements.

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets
for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their res
rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of
recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance

it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current and deferred tax lia
Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition.

Blackstone uses the flow-through method to account for investment tax credits. Under this method, the investment tax cre
reduction to income tax expense.

Blackstone analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is re
returns, as well as for all open tax years in these jurisdictions. Blackstone records uncertain tax positions on the basis of a
determination is made whether it is more likely than not that the tax positions will be sustained based on the technical mer
(b) those tax positions that meet the more-likely-than-not threshold are recognized as the largest amount of tax benefit tha
likely to be realized upon ultimate settlement with the related tax authority. Blackstone recognizes accrued interest and pe
tax positions in General, Administrative, and Other expenses within the Consolidated Statements of Operations.

There remains some uncertainty regarding Blackstone s future taxation levels. Over the past several years, a number of le
proposals to change the taxation of Carried Interest have been introduced and, in certain cases, have been passed by the U.
that would have, in general, treated income and gains, including gain on sale, attributable to an investment services partne
income subject to a new blended tax rate that is higher than the capital gains rate applicable to such income under current
such ISPI would have been considered under the legislation to be a qualified capital interest. Our common units and the in
entities that are entitled to receive Carried Interest would likely have been classified as ISPIs for purposes of this legislatio
when the U.S. Congress will pass such legislation or what provisions will be included in any final legislation if enacted.

Some legislative proposals have provided that, for taxable years beginning ten years after the date of enactment, income d
ISPI that is not a qualified capital interest and that is subject to the foregoing rules would not meet the qualifying income r
publicly traded partnership rules. Therefore, if similar legislation were to be enacted, following such ten-year period, we w
qualifying as a partnership for U.S. federal income tax purposes or be required to hold all such ISPIs through corporations

The Obama administration has made similar proposals that would tax income and gain, including gain on sale, attributable
with an exception for certain qualified capital interests. The proposals would also characterize certain income and gain in
non-qualifying income under the tax rules applicable to publicly traded partnerships after a ten-year transition period from
exception for certain qualified capital interests. The Obama administration proposed similar changes in its published rever
prior years.

States and other jurisdictions have also considered legislation to increase taxes with respect to Carried Interest. For examp
legislation, which could have caused a non-resident of New York who holds our common units to be subject to New York
interest earned by entities in which we hold an indirect interest, thereby requiring the non-resident to file a New York state
such carried interest income. It is unclear whether or when similar legislation will be enacted. Finally, several state and loc
evaluated ways to subject partnerships to entity level taxation through the imposition of state or local income, franchise or
increase the amount of such taxation.

If we were taxed as a corporation or were forced to hold interests in entities earning income from Carried Interest through
corporations, our effective tax rate could increase significantly. The federal statutory rate for corporations is currently 35%
rates, net of the federal benefit, aggregate approximately 5%. If a variation of the above described legislation or any other
rules,

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regulations or interpretations preclude us from qualifying for treatment as a partnership for U.S. federal income tax purpos
partnership rules or force us to hold interests in entities earning income from Carried Interest through taxable subsidiary c
materially increase our tax liability, and could well result in a reduction in the market price of our common units.

It is not possible at this time to meaningfully quantify the potential impact on Blackstone of this potential future legislatio
Multiple versions of legislation in this area have been proposed over the last few years that have included significantly dif
effective dates and the treatment of invested capital, tiered entities and cross-border operations, among other matters. Dep
the legislation, if any, were enacted, the potential impact on a public company such as Blackstone in a given year could di
be material. In addition, these legislative proposals would not themselves impose a tax on a publicly traded partnership su
they could force Blackstone and other publicly traded partnerships to restructure their operations so as to prevent disquali
the publicly traded partnership in amounts that would disqualify the partnership from treatment as a partnership for U.S. f
Such a restructuring could result in more income being earned in corporate subsidiaries, thereby increasing corporate inco
borne by the publicly traded partnership. In addition, we, and our common unitholders, could be taxed on any such restruc
such restructuring would depend on the precise provisions of the legislation that was ultimately enacted, as well as the par
circumstances of Blackstone s operations at the time any such legislation were to take effect, making the task of predicti
highly speculative.

The Obama administration has announced other proposals for potential reform to the U.S. federal income tax rules for bus
the deductibility of interest for corporations, reducing the top marginal rate on corporations and subjecting entities current
tax purposes to an entity level income tax similar to the corporate income tax. Several proposals for reform if enacted cou
unclear what any actual legislation would provide, when it would be proposed or what its prospects for enactment would b

Other proposals by members of Congress have contemplated the migration of the United States from a worldwide syst
which U.S. corporations are taxed on their worldwide income, to a territorial system where U.S. corporations are taxed on
income (subject to certain exceptions for income derived in low-tax jurisdictions from the exploitation of tangible assets)
that would be 25%. Such proposals include revenue raisers to offset the reduction in the tax rate and base which may or m
A variation of this proposal completes a similar territorial U.S. tax system, but with more expansive U.S. taxation of the f
subsidiaries of U.S. corporations. Such proposal would also eliminate the withholding tax exemption on portfolio interest
investors residing in non-treaty jurisdictions. Speaker of the House Paul Ryan has also identified comprehensive tax refor
Congress. Furthermore, recent legislation has proposed audit procedure adjustments that could affect large partnerships lik
proposals will be enacted by the government and in what form is unknown, as are the ultimate consequences of the propos

Economic Income

Blackstone uses Economic Income (EI) as a key measure of value creation, a benchmark of its performance and in mak
compensation decisions across its four segments. EI represents segment net income before taxes excluding transaction-rel
Transaction-related charges arise from Blackstone s IPO and long-term retention programs outside of annual deferred co
corporate actions, including acquisitions. Transaction-related charges include equity-based compensation charges, the am
and contingent consideration associated with acquisitions. EI presents revenues and expenses on a basis that deconsolidat
Blackstone manages. Economic Net Income (ENI) represents EI adjusted to include current period taxes. Taxes repres
(benefit) calculated on Income (Loss) Before Provision for Taxes. EI, our principal segment measure, is derived from and
equivalent to, its

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most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes. (See Note 21. Segment Reportin
Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data .)

Fee Related Earnings

Blackstone uses Fee Related Earnings (FRE), which is derived from EI, as a measure to highlight earnings from operati
related to performance fees and related carry plan costs and (b) income earned from Blackstone s investments in the Blac
uses FRE as a measure to assess whether recurring revenue from our businesses is sufficient to adequately cover all of our
generate profits. FRE equals contractual fee revenues, less (a) compensation expenses (which includes amortization of nor
non-acquisition-related equity-based awards, but excludes amortization of IPO and acquisition-related equity-based award
incentive fee compensation) and (b) non-interest operating expenses. See Liquidity and Capital Resources Sources o
discussion of FRE.

Effective January 1, 2015 Blackstone redefined FRE to exclude Interest Income and Dividend Revenue, Interest Expense a
(Loss) Blackstone Treasury Cash Management Strategies. All previously reported periods have been conformed to the n

Distributable Earnings

Distributable Earnings, which is derived from our segment reported results, is a supplemental measure to assess performan
for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners of the Blac
Partnerships. Distributable Earnings, which is a measure not prepared under GAAP (a non-GAAP measure), is intendec
realized earnings without the effects of the consolidation of the Blackstone Funds. Distributable Earnings is derived from a
equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes. See Liquidity
Sources of Liquidity below for our discussion of Distributable Earnings.

Distributable Earnings, which is a component of Economic Net Income, is the sum across all segments of: (a) Total Mana
(b) Interest and Dividend Revenue, (c) Other Revenue, (d) Realized Performance Fees, and (e) Realized Investment Incom
(a) Compensation, excluding the expense of equity-based awards, (b) Realized Performance Fee Compensation, (c) Other
(d) Taxes and Payables Under the Tax Receivable Agreement.

As a result of the redefinition of FRE noted above, effective January 1, 2015, Distributable Earnings was redefined to excl
Income (Loss) Blackstone Treasury Cash Management Strategies. All previously reported periods have been conformed

Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization

Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization (Adjusted EBITDA), is a supplemental no
from our segment reported results and may be used to assess our ability to service our borrowings. Adjusted EBITDA repr
Earnings plus the addition of (a) Interest Expense, (b) Taxes and Related Payables Including Payable Under Tax Receivab
(c) Depreciation and Amortization. See Liquidity and Capital Resources Sources of Liquidity below for our calcula

Summary Walkdown of GAAP to Non-GAAP Financial Metrics

The relationship of our GAAP to non-GAAP financial measures is presented in the summary walkdown below. The summ
each non-GAAP financial measure is related to the other non-GAAP financial measures. This presentation is not meant to
each measure, but to show the relationship between the

measures. For the calculation of each of these non-GAAP financial measures and a full reconciliation of Income Before Pr
Distributable Earnings, please see Liquidity and Capital Resources Sources of Liquidity.

Operating Metrics

The alternative asset management business is a complex business that is primarily based on managing third party capital a
substantial capital investment to support rapid growth. However, there also can be volatility associated with its earnings ar
inception, we have developed and used various key operating metrics to assess and monitor the operating performance of
management businesses in order to monitor the effectiveness of our value creating strategies.

Assets Under Management. Assets Under Management refers to the assets we manage. Our Assets Under Management eq

(a) the fair value of the investments held by our carry funds and our side-by-side and co-investment entities mana
that we are entitled to call from investors in those funds and entities

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pursuant to the terms of their respective capital commitments, including capital commitments to funds that hav
investment periods,

(b) the net asset value of our funds of hedge funds, hedge funds and certain registered investment companies,

(c) the invested capital or fair value of assets we manage pursuant to separately managed accounts,

(d) the amount of debt and equity outstanding for our CLOs and CDOs during the reinvestment period,

(e) the aggregate par amount of collateral assets, including principal cash, for our CLOs and CDOs after the reinv

(f) the gross amount of assets (including leverage) for certain of our credit-focused registered investment compan

(g) the fair value of common stock, preferred stock, convertible debt, or similar instruments issued by our public I
Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at
hedge funds and hedge funds generally have structures that afford an investor the right to withdraw or redeem their interes
example, annually or quarterly), in most cases upon advance written notice, with the majority of our funds requiring from
notice, depending on the fund and the liquidity profile of the underlying assets. Investment advisory agreements related to
accounts may generally be terminated by an investor on 30 to 90 days notice.

Fee-Earning Assets Under Management. Fee-Earning Assets Under Management refers to the assets we manage on which
and/or performance fees. Our Fee-Earning Assets Under Management equals the sum of:

(a) for our Private Equity segment funds and Real Estate segment carry funds including certain real estate debt inv
of our Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value
depending on the fee terms of the fund,

(b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or n
the fee terms of the fund,

(c) the remaining invested capital of co-investments managed by us on which we receive fees,

(d) the net asset value of our funds of hedge funds, hedge funds and certain registered investment companies,

(e) the invested capital or fair value of assets we manage pursuant to separately managed accounts,

(f) the net proceeds received from equity offerings and accumulated core earnings of our REITs, subject to certain

(g) the aggregate par amount of collateral assets, including principal cash, of our CLOs and CDOs, and

(h) the gross amount of assets (including leverage) for certain of our credit-focused registered investment compan

Our calculations of assets under management and fee-earning assets under management may differ from the calculations o
as a result this measure may not be comparable to similar measures presented by other asset managers. In addition, our cal
management includes commitments to, and the fair value of, invested capital in our funds from Blackstone and our person
such commitments or invested capital are subject to fees. Our definitions of assets under management or fee-earning assets
based on any definition of assets under management or fee-earning assets under management that is set forth in the agreem
investment funds that we manage.

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For our carry funds, total assets under management includes the fair value of the investments held, whereas fee-earning as
includes the amount of capital commitments, the remaining amount of invested capital at cost depending on whether the in
not expired or the fee terms of the fund. As such, fee-earning assets under management may be greater than total assets un
aggregate fair value of the remaining investments is less than the cost of those investments.

Limited Partner Capital Invested. Limited Partner Capital Invested represents the amount of Limited Partner capital comm
invested by our carry and drawdown funds during each period presented, plus the capital invested through co-investments
made by limited partners in investments of our carry funds on which we receive fees or a Carried Interest allocation or Inc

The amount of committed undrawn capital available for investment, including general partner and employee commitments
and is an indicator of the capital we have available for future investments.

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Financial Highlights

The following charts highlight certain financial metrics[(a)]:

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(a) Total Revenues represents the total segment amounts. Net Realized Performance Fees represents total segment Perfo
Carried Interest and Realized Incentive Fees less Performance Fee Compensation for Realized Carried Interest and R
Note 21. Segment Reporting in the Notes to Consolidated Financial Statements in Item 8. Financial Statem
filing. For the components of Distributable Earnings and Fee Related Earnings, see the reconciliation of Fee Related
Earnings and Economic Net Income at Liquidity and Capital Resources Sources of Liquidity below. For Tota
Management, see Consolidated Results of Operations Operating Metrics below.

Consolidated Results of Operations

Following is a discussion of our consolidated results of operations for each of the years in the three year period ended Dec
detailed discussion of the factors that affected the results of our four business segments (which are presented on a basis tha
investment funds we manage) in these periods, see Segment Analysis below.

Please see Significant Transactions above for important information regarding the previously reported Financial Adv

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The following table sets forth information regarding our consolidated results of operations and certain key operating metri
December 31, 2015, 2014 and 2013:

	Year Ended December 31,			2015 vs. 2014	
	2015	2014	2013	$	%
	(Dollars in Thousands)				
Revenues					
Management and Advisory Fees, Net	$ 2,542,505	$ 2,497,252	$ 2,193,985	$ 45,253	2
Performance Fees					
Realized					
Carried Interest	3,205,290	2,450,082	943,958	755,208	31
Incentive Fees	193,238	249,005	464,838	(55,767)	-22
Unrealized					
Carried Interest	(1,595,174)	1,704,924	2,158,010	(3,300,098)	N/M
Incentive Fees	(6,688)	(29,749)	(22,749)	23,061	-78
Total Performance Fees	1,796,666	4,374,262	3,544,057	(2,577,596)	-59
Investment Income (Loss)					
Realized	555,171	523,735	188,644	31,436	6
Unrealized	(350,529)	10,265	611,664	(360,794)	N/M
Total Investment Income	204,642	534,000	800,308	(329,358)	-62
Interest and Dividend Revenue	94,957	69,809	64,511	25,148	36
Other	7,782	9,405	10,307	(1,623)	-17
Total Revenues	4,646,552	7,484,728	6,613,168	(2,838,176)	-38
Expenses					
Compensation and Benefits					
Compensation	1,726,191	1,868,868	1,844,485	(142,677)	-8
Performance Fee Compensation					
Realized					
Carried Interest	793,801	815,643	257,201	(21,842)	-3
Incentive Fees	85,945	110,099	200,915	(24,154)	-22
Unrealized					
Carried Interest	(312,696)	379,037	966,717	(691,733)	N/M
Incentive Fees	(2,490)	(19,276)	(11,651)	16,786	-87
Total Compensation and Benefits	2,290,751	3,154,371	3,257,667	(863,620)	-27
General, Administrative and Other	576,103	549,463	474,442	26,640	5
Interest Expense	144,522	121,524	107,973	22,998	19
Fund Expenses (a)	79,499	30,498	26,658	49,001	161
Total Expenses (a)	3,090,875	3,855,856	3,866,740	(764,981)	-20
Other Income					
Reversal of Tax Receivable Agreement Liability	82,707		20,469	82,707	N/M
Net Gains from Fund Investment Activities	176,364	357,854	381,664	(181,490)	-51
Total Other Income	259,071	357,854	402,133	(98,783)	-28

Income Before Provision for Taxes (a)	1,814,748	3,986,726	3,148,561	(2,171,978)	-54
Provision for Taxes	190,398	291,173	255,642	(100,775)	-3
Net Income (a)	1,624,350	3,695,553	2,892,919	(2,071,203)	-56
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	11,145	74,794	183,315	(63,649)	-8
Net Income Attributable to Non-Controlling Interests in Consolidated Entities (a)	219,900	335,070	198,557	(115,170)	-34
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	683,516	1,701,100	1,339,845	(1,017,584)	-60
Net Income Attributable to The Blackstone Group L.P.	$ 709,789	$ 1,584,589	$ 1,171,202	$ (874,800)	-5

(a) The amounts reported for the year ended December 31, 2015 reflect an adjustment from those reported in our ear
January 28, 2016.

N/M Not meaningful.

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Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Total Revenues were $4.6 billion for the year ended December 31, 2015, a decrease of $2.8 billion, or 38%, compared to $
ended December 31, 2014. The decrease was primarily attributable to decreases in Performance Fees and Investment Inco
$329.4 million, respectively.

During 2015, the operating environment for equity and credit investing was characterized by concerns related to macroeco
including the economic outlook in China and the United States, as well as significantly lower global equity prices, widenin
and declining energy prices. The decline in equity markets and turbulence in the credit markets adversely impacted our Pe
Investment Income relative to 2014. The lower rate of fund appreciation in 2015 relative to 2014 was due, in significant pa
publicly-traded portfolio companies in the second half, particularly in lodging and energy. To a lesser extent, the results w
unrealized markdowns in energy and credit and currency translation effects on some our non-U.S. holdings. Growth in glo
slowed in 2015 and resulted in a slowdown of certain sectors and regions in our global portfolio. If macroeconomic condit
the future with a resulting decline in our fund investments, our revenues would likely be negatively impacted. See Seg
information about material trends and uncertainties that may impact our results of operations.

Performance Fees, which are determined on a fund by fund basis, were $1.8 billion for the year ended December 31, 2015
compared to $4.4 billion for the year ended December 31, 2014. The decrease in Performance Fees was primarily due to d
Equity, Real Estate, and Credit segments of $1.2 billion, $1.0 billion and $270.4 million, respectively. The decrease in our
principally due to lower net returns in our corporate private equity portfolio, despite overall solid net performance. Perform
Estate segment decreased due to a year over year decrease in the net appreciation of investments in our BREP carry funds
year ended December 31, 2015, the increase in carrying value of assets for Blackstone s contributed Real Estate opportun
sustained strong operating fundamentals in the private portfolio resulting in appreciation of 16.6%, offset by public portfol
particularly in lodging. Performance Fees decreased in our Credit segment due to our energy investments, overall declines
underperformance in certain event-driven assets and technical pressure caused by year end selling.

Investment Income was $204.6 million for the year ended December 31, 2015, a decrease of $329.4 million compared to $
ended December 31, 2014. The decrease in Investment Income was primarily due to decreases in our Real Estate and Priva
$246.5 million and $105.5 million, respectively. The decrease in our Real Estate segment was primarily due to a year over
investments in our BREP VI fund. Blackstone has a larger investment in BREP VI than in other BREP funds. The decreas
segment was driven by our BCP V and BCP VI funds which generated strong net returns of 8.1% and 7.9%, respectively,
lower than the returns generated in the full year 2014 mainly as a result of the lower returns in our public portfolio and cer
in energy.

Expenses

Expenses were $3.1 billion for the year ended December 31, 2015, a decrease of $765.0 million compared to $3.9 billion f
December 31, 2014. The decrease was primarily attributable to decreases in Performance Fee Compensation and Compens
$142.7 million, respectively, partially offset by increases of $49.0 million and $23.0 million in Fund Expenses and Interes
Performance Fee Compensation is derived from Performance Fee Revenue. The decrease in Performance Fee Compensati
in Performance Fee Revenue. The decrease in Compensation was primarily due to lower equity-based compensation expe
in connection with Blackstone s IPO,

which were fully vested and expensed as of June 30, 2015 and an overall decrease in headcount driven by the October 1, 2
Financial Advisory business. The decrease was partially offset by an increase in equity-based amortization charges due to
Deferred Compensation Plan awards which require future service and are therefore expensed over the service period. The
Administrative and Other was primarily due to transactional charges associated with the spin-off, non-recurring costs relat
occupancy increases and business development costs. Due to the spin-off, partially offsetting these increases was a reducti
incurred by the Advisory business. The $23.0 million increase in interest expense was primarily related to Blackstone s is
second quarter of 2015. The increase in Fund Expenses primarily occurred in our Credit segment, where it was attributabl
and an increase in other expenses.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Total Revenues were $7.5 billion for the year ended December 31, 2014, an increase of $871.6 million, or 13%, compared
ended December 31, 2013. The increase was primarily attributable to increases in Performance Fees and Management and
$830.2 million and $303.3 million, respectively. These increases were partially offset by a decrease in Investment Income

Performance Fees, which are determined on a fund by fund basis, were $4.4 billion for the year ended December 31, 2014
million compared to $3.5 billion for the year ended December 31, 2013. The increase in Performance Fees was primarily d
Private Equity segment of $1.2 billion, principally due to performance in our BCP V and BCP VI funds, which generated
respectively, with BCP V crossing its preferred return threshold during the period. Performance Fees in our Real Estate se
million to $2.0 billion due to a year over year decrease in the net appreciation of investments in our BREP carry funds fro
year ended December 31, 2014, the increase in carrying value of assets for Blackstone s contributed Real Estate funds, in
co-investments, was driven by sustained strong operating fundamentals in the private portfolio (23.2%, $8.8 billion) and p
(17.0%, $3.7 billion). Performance Fees decreased by $75.8 million in our Hedge Fund Solutions segment due to lower re
decreased by $199.9 million in our Credit segment due to challenging market conditions for lower rated credits in our hed
and a lower rate of appreciation in our rescue lending business.

Total Management and Advisory Fees, Net were $2.5 billion for the year ended December 31, 2014, an increase of $303.3
billion for the year ended December 31, 2013. The increase in Management and Advisory Fees, Net was due to increases i
segment of $72.0 million, our Private Equity segment of $71.9 million, our Real Estate segment of $63.6 million, and our
million. The increase in our Hedge Fund Solutions segment was primarily due to an increase in Fee-Earning Assets Under
in our Private Equity segment was primarily due to the increase in the funds raised for our Tactical Opportunities investme
Partners secondary private fund of funds business as well as the inclusion of the Strategic Partners management fees for th
our Real Estate segment was principally due to fees generated from fundraising within BREP Europe IV, BREP Asia, BPI
BREDS, partially offset by the expiration of BREP V and realizations across the portfolio. The increase in our Credit segn
incremental capital raised for our hedge fund strategies business and business development companies.

Investment Income was $534.0 million for the year ended December 31, 2014, a decrease of $266.3 million compared to $
ended December 31, 2013. The decrease in Investment Income was primarily due to decreases in our Real Estate and Priv
$152.4 million and $71.0 million, respectively. The decrease in our Real Estate segment was due to a year over year decre
investments in our BREP VI fund. Blackstone has a larger investment in BREP VI than in other BREP funds. The decreas
segment was driven by our BCP V and BEP funds which generated strong net returns of 24% and 12%, respectively, for t
lower than the returns generated in the full year 2013.

Expenses

Expenses were $3.9 billion for the year ended December 31, 2014, a decrease of $10.9 million compared to $3.9 billion fo
December 31, 2013. The decrease was primarily attributable to a decrease in Performance Fee Compensation of $127.7 m
increases of $75.0 million, $24.4 million and $13.6 million, respectively, in General, Administrative and Other, Compensa
The decrease in Performance Fee Compensation was due to lower compensation ratios on Performance Fee Revenue and p
amount of the Performance Fees granted to employees on deals closed prior to the IPO were exchanged for units of Blacks
Therefore, for these pre-IPO deals, Blackstone retains significantly more of the Performance Fees that it earns than it does
IPO. This results in lower Performance Fee Compensation for pre-IPO deals. The $75.0 million increase in General, Admi
primarily due to spin-off transaction related charges, professional fees, occupancy increases and business development cos
increase in Compensation was due to an overall increase in revenue, on which compensation is based, offset by lower equi
charges on our transaction-related awards and a reduction of compensation expense due to a change in the terms of Deferr
awards which require future service and are therefore no longer expensed immediately. This resulted in $102.6 million les
the fourth quarter of 2014 than would have been recorded under the prior plan. The $13.6 million increase in Interest Expe
Blackstone s issuance of senior notes during the second quarter of 2014.

Other Income

Other Income Net Gains from Fund Investment Activities is attributable to the consolidated Blackstone Funds which are
investors. As such, most of this Other Income was eliminated from the results attributable to The Blackstone Group L.P. th
non-controlling interests and non-controlling interests items in the Consolidated Statements of Operations.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Other Income was $259.1 million for the year ended December 31, 2015, a decrease of $98.8 million compared to $357.9
December 31, 2014. The decrease was due to a decrease in Net Gains from Fund Investment Activities of $181.5 million,
increase due to a Reversal of Tax Receivable Agreement Liability of $82.7 million.

Other Income Net Gains from Fund Investment Activities was $176.4 million for the year ended December 31, 2015, a
compared to $357.9 million for the year ended December 31, 2014. This decrease was primarily comprised of decreases in
Fund Solutions and Private Equity segments of $148.3 million, $73.8 million and $62.0 million, respectively, partially off
million in our Credit segment. The Real Estate decrease was primarily the result of the deconsolidation of certain funds as
decreases in the appreciation of investments across our funds. The decrease in our Hedge Fund Solutions segment was pri
decrease in investment performance and the deconsolidation of a number of funds. The decrease in our Private Equity seg
the lower unrealized gains compared to the same period in 2014. The increase in our Credit segment was primarily due to
liabilities of certain consolidated CLO vehicles, which led to increases in unrealized gains.

For the year ended December 31, 2015, there was a Reversal of Tax Receivable Agreement Liability resulting in an increa

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Other Income was $357.9 million for the year ended December 31, 2014, a decrease of $44.3 million compared to $402.1
December 31, 2013. The decrease was comprised of decreases in Net Gains from Fund Investment Activities of $23.8 mil
Receivable Agreement Liability of $20.5 million.

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Other Income Net Gains from Fund Investment Activities was $357.9 million for the year ended December 31, 2014, a c
compared to $381.7 million for the year ended December 31, 2013. This decrease was primarily comprised of decreases in
and Private Equity segments of $99.4 million and $25.0 million, respectively, partially offset by increases of $40.7 million
Real Estate and Credit segments, respectively. The decrease in our Hedge Fund Solutions segment was primarily the resul
performance from certain of our consolidated funds. The Real Estate increase was driven by valuation gains on investmen
Estate funds. The increase in our Credit segment was primarily due to lower valuations on the liabilities of certain consoli
led to increases in unrealized gains.

For the year ended December 31, 2014, there was no Reversal of Tax Receivable Agreement Liability resulting in a decre

Provision for Taxes

Blackstone s Provision for Taxes for the years ended December 31, 2015, 2014 and 2013 was $190.4 million, $291.2 mil
respectively. This resulted in an effective tax rate of 10.5%, 7.3% and 8.1%, respectively, based on our Income Before Pro
billion, $4.0 billion and $3.1 billion, respectively.

The primary factor that contributed to the 3.2% increase in the effective tax rate for the year ended December 31, 2015 co
December 31, 2014 is that pre-tax book income includes $1.2 billion for 2015 and $3.3 billion for 2014 of pre-tax income
common unitholders and non-controlling interest holders and is not subject to tax by the Partnership and its subsidiaries. T
increase to the effective tax rate in 2015 compared to 2014, which is partially offset by a 3.5% decrease to the effective tax
to 2014 resulting from increased interest expense.

The primary factor that contributed to the 0.8% decrease in the effective tax rate for the year ended December 31, 2014 co
December 31, 2013 is the amount that book equity-based compensation expense exceeded the tax deductible equity-based
to the issuance of units that are not tax deductible since they represent a value for value exchange for tax purposes. Althou
change significantly in 2014 compared to 2013, pre-tax book income was significantly higher in 2014 than 2013 resulting
rate of 0.5% when comparing 2014 to 2013.

All factors except for the reversal of the deferred tax asset are expected to impact the effective tax rate for future years.

Additional information regarding our income taxes can be found in Note 14. Income Taxes in the Notes to Consolidat
8. Financial Statements and Supplementary Data of this filing.

Non-Controlling Interests in Consolidated Entities

The Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities and Net Income Attributab
Interests in Consolidated Entities is attributable to the consolidated Blackstone Funds. The amounts of these items vary di
of the consolidated Blackstone Funds and largely eliminate the amount of Other Income Net Gains from Fund Investme
Income (Loss) Attributable to The Blackstone Group L.P.

Net Income Attributable to Non-Controlling Interests in Blackstone Holdings is derived from the Income Before Provision
Net Gains from Fund Investment Activities and the Reversal of Tax Receivable Agreement Liability, and the percentage a
between Blackstone Holdings and The Blackstone Group L.P. after considering any contractual arrangements that govern
(loss) such as fees allocable to The Blackstone Group L.P.

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For the years ended December 31, 2015, 2014 and 2013, the net income before taxes allocated to Blackstone Holdings wa
respectively. The decreases of 0.9% and 1.4% were primarily due to conversions of Blackstone Holdings Partnership Unit
units and the vesting of common units.

The Other Income Reversal of Tax Receivable Agreement Liability was entirely allocated to The Blackstone Group L.P

Operating Metrics

The following graph summarizes the Fee-Earning Assets Under Management by Segment and Total Assets Under Manage
by a rollforward of activity for the years ended December 31, 2015, 2014 and 2013. For a description of how Assets Unde
Fee-Earning Assets Under Management are determined, please see Key Financial Measures and Indicators Operatin
Management and Fee-Earning Assets Under Management.

Note: Totals may not add due to rounding.

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	Year Ended December 31, 2015					2014		
	Private Equity	Real Estate	Hedge Fund Solutions	Credit (h)	Total	Private Equity	Real Estate	Hedge F Solutio
	(Dollars in Thousands)							
Fee-Earning Assets Under Management								
Balance, Beginning of Period	$ 43,890,167	$ 52,563,068	$ 61,417,558	$ 58,821,006	$ 216,691,799	$ 42,600,515	$ 50,792,803	$ 52,865
Inflows, including Commitments (a)	13,882,257	27,698,203	9,667,274	17,310,414	68,558,148	6,757,450	11,536,435	12,021
Outflows, including Distributions (b)	(1,395,020)	(4,165,520)	(5,430,094)	(5,711,573)	(16,702,207)	(1,124,355)	(295,067)	(5,362
Realizations (c)	(5,106,650)	(8,513,771)	(516,619)	(6,318,060)	(20,455,100)	(4,733,564)	(8,719,534)	(312
Net Inflows	7,380,587	15,018,912	3,720,561	5,280,781	31,400,841	899,531	2,521,834	6,345
Market Appreciation (Depreciation) (d)(f)	180,442	(236,623)	527,320	(2,417,407)	(1,946,268)	390,121	(751,569)	2,205
Balance, End of Period (e)	$ 51,451,196	$ 67,345,357	$ 65,665,439	$ 61,684,380	$ 246,146,372	$ 43,890,167	$ 52,563,068	$ 61,417
Increase	$ 7,561,029	$ 14,782,289	$ 4,247,881	$ 2,863,374	$ 29,454,573	$ 1,289,652	$ 1,770,265	$ 8,551
Increase	17%	28%	7%	5%	14%	3%	3%	

	Year Ended December 31, 2013				
	Private Equity	Real Estate	Hedge Fund Solutions	Credit (h)	Total
	(Dollars in Thousands)				
Fee-Earning Assets Under Management					
Balance, Beginning of Period	$ 37,050,167	$ 41,931,339	$ 43,478,791	$ 45,420,143	$ 167,880,440
Inflows, including Commitments (a)	9,884,340	13,835,625	9,098,002	15,588,769	48,406,736
Outflows, including Distributions (b)	(392,882)	(1,329,763)	(3,626,636)	(1,793,738)	(7,143,019)
Realizations (c)	(4,025,167)	(3,649,494)	(348,126)	(9,475,232)	(17,498,019)
Net Inflows	5,466,291	8,856,368	5,123,240	4,319,799	23,765,698
Market Appreciation (d)(f)	84,057	5,096	4,263,806	1,982,642	6,335,601
	$ 42,600,515	$ 50,792,803	$ 52,865,837	$ 51,722,584	$ 197,981,739

Balance, End of Period (e)					
Increase	$ 5,550,348	$ 8,861,464	$ 9,387,046	$ 6,302,441	$ 30,101,299
Increase	15%	21%	22%	14%	18%

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			Year Ended December 31,					
			2015					201
	Private Equity	Real Estate	Hedge Fund Solutions	Credit (h)	Total	Private Equity	Real Estate	Hedge Solut
					(Dollars in Thousands)			
Total Assets Under Management								
Balance, Beginning of Period	$ 73,073,252	$ 80,863,187	$ 63,585,670	$ 72,858,960	$ 290,381,069	$ 65,675,031	$ 79,410,788	$ 55,65
Inflows, including Commitments (a)	30,034,911	29,473,697	11,040,950	23,035,118	93,584,676	13,677,363	11,080,384	11,42
Outflows, including Distributions (b)	(406,955)	(342,233)	(5,559,483)	(6,372,790)	(12,681,461)	(1,624,064)	(896,394)	(5,43
Realizations (c)	(13,493,163)	(21,016,540)	(554,584)	(7,605,824)	(42,670,111)	(15,379,066)	(20,389,808)	(41
Net Inflows (Outflows)	16,134,793	8,114,924	4,926,883	9,056,504	38,233,104	(3,325,767)	(10,205,818)	5,58
Market Appreciation (Depreciation) (d)(g)	5,072,029	4,939,713	592,872	(2,834,212)	7,770,402	10,723,988	11,658,217	2,34
Balance, End of Period (e)	$ 94,280,074	$ 93,917,824	$ 69,105,425	$ 79,081,252	$ 336,384,575	$ 73,073,252	$ 80,863,187	$ 63,58
Increase	$ 21,206,822	$ 13,054,637	$ 5,519,755	$ 6,222,292	$ 46,003,506	$ 7,398,221	$ 1,452,399	$ 7,92
Increase	29%	16%	9%	9%	16%	11%	2%	

			Year Ended December 31, 2013		
	Private Equity	Real Estate	Hedge Fund Solutions	Credit (h)	Total
			(Dollars in Thousands)		
Total Assets Under Management					
Balance, Beginning of Period	$ 51,002,973	$ 56,695,645	$ 46,092,505	$ 56,428,837	$ 210,219,960
Inflows, including Commitments (a)	14,420,278	17,686,592	9,337,644	19,040,769	60,485,283
Outflows, including Distributions (b)	(653,357)	(1,049,598)	(3,854,587)	(2,519,238)	(8,076,780)
Realizations (c)	(9,584,276)	(8,298,220)	(447,960)	(11,799,676)	(30,130,132)
Net Inflows	4,182,645	8,338,774	5,035,097	4,721,855	22,278,371
Market Appreciation (d)(g)	10,489,413	14,376,369	4,529,861	3,863,656	33,259,299

Balance, End of Period (e)	$ 65,675,031	$ 79,410,788	$ 55,657,463	$ 65,014,348	$ 265,757,630
Increase	$ 14,672,058	$ 22,715,143	$ 9,564,958	$ 8,585,511	$ 55,537,670
Increase	29%	40%	21%	15%	26%

(a) Inflows represent contributions in our hedge funds and closed-end mutual funds, increases in available capital for ou recallable capital and increased side-by-side commitments) and CLOs and increases in the capital we manage pursu account programs.

(b) Outflows represent redemptions in our hedge funds and closed-end mutual funds, client withdrawals from our separ programs and decreases in available capital for our carry funds (expired capital, expense drawdowns and decreased s

(c) Realizations represent realizations from the disposition of assets, capital returned to investors from CLOs and the ef definition of Total Assets Under Management.

(d) Market appreciation (depreciation) includes realized and unrealized gains (losses) on portfolio investments and the i rate fluctuations.

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(e) Fee-Earning Assets Under Management and Assets Under Management as of December 31, 2015 included $94.6 mi respectively, from a joint venture in which we are the minority interest holder.

(f) For the year ended December 31, 2015, the impact to Fee-Earning Assets Under Management due to foreign exchan $(17.0) million, $(642.4) million, $(999.2) million and $(1.7) billion for the Private Equity, Real Estate, Credit and T For the year ended December 31, 2014, such impact was $(11.8) million, $(957.4) million, $(1.3) billion and $(2.3) Equity, Real Estate, Credit and Total segments, respectively. For the year ended December 31, 2013, such impact w million, $470.0 million and $664.2 million for the Private Equity, Real Estate, Credit and Total segments, respective

(g) For the year ended December 31, 2015, the impact to Total Assets Under Management due to foreign exchange rate million, $(1.9) billion, $(1.1) billion and $(3.5) billion for the Private Equity, Real Estate, Credit and Total segments ended December 31, 2014, such impact was $(357.1) million, $(2.0) billion, $(1.5) billion and $(3.8) billion for the I Credit and Total segments, respectively. For the year ended December 31, 2013, such impact was $(249.2) million, $ million and $290.0 million for the Private Equity, Real Estate, Credit and Total segments, respectively.

(h) On December 31, 2015, the Credit segment refined the classification of required dividend payments from its busines and certain long only investment vehicles for purposes of reporting the roll forward components of Fee-Earning and Management. Historically, these amounts had been reported as Outflows and they are now reported as Realizations. previously been reported net of reinvestments but now the reinvestments are reported as Inflows. All historical perio conform to the new definition.

Fee-Earning Assets Under Management

Fee-Earning Assets Under Management were $246.1 billion at December 31, 2015, an increase of $29.5 billion, or 14%, c December 31, 2014. The net increase was due to:

- Inflows of $68.6 billion related to:
  - $27.7 billion in our Real Estate segment primarily related to $15.6 billion raised for BREP VIII, $7.2 b BPP, $1.5 billion invested for BREP VII post its investment period, $1.1 billion invested for BREDS I BXMT,
  - $17.3 billion in our Credit segment driven by $4.8 billion raised in CLO launches, $4.8 billion raised i companies (BDCs), $3.6 billion raised in our drawdown funds and $2.0 billion raised in our Hedge
  - $13.9 billion in our Private Equity segment primarily due to $5.0 billion raised in our Tactical Opportu raised for Blackstone Energy Partners II, $1.0 billion raised from Strategic Partners and $850.3 millior
  - $9.7 billion in our Hedge Fund Solutions segment mainly related to growth in its customized, comming solutions products, and additional closings on the general partner interests vehicle.

Offsetting these increases were:

- Realizations of $20.5 billion primarily driven by:
  - $8.5 billion in our Real Estate segment primarily due to realizations of $4.4 billion in BREP global and funds, $2.6 billion in BREDS and $769.2 million in BREP co-investment,

$6.3 billion in our Credit segment primarily due to $3.8 billion capital returned to CLO investors from re-investment periods, $1.4 billion capital returned to investors in drawdown funds and $776.3 million in BDC funds, and

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$5.1 billion in our Private Equity segment primarily due to continued disposition activity across the se
and our Strategic Partners fund of funds.

Outflows of $16.7 billion primarily attributable to:

$5.7 billion in our Credit segment, which includes $3.6 billion of redemptions due to investors gener
well as their paring back in credit investments,

$5.4 billion in our Hedge Fund Solutions segment primarily due to the liquidity needs of limited partn
shifts in their programs,

$4.2 billion in our Real Estate segment primarily due to $4.0 billion of uninvested reserves at the close
period, and

$1.4 billion in our Private Equity segment primarily from the end of the investment periods for BEP a
initial platform of separately managed accounts as well as our outflows in our Strategic Partners fund

Market depreciation of $1.9 billion principally due to solid returns from the BAAM Principal Solutions (BP
Hedge Fund Solutions segment offset by $2.4 billion in market depreciation in our Credit segment. The $2.4
in our Credit segment, which includes $999.2 million of foreign exchange depreciation, is primarily driven by
depreciation from our U.S. and Europe CLOs, $613.4 million in market depreciation from our hedge fund stra
market depreciation from our BDCs.

BAAM had net inflows of $1.3 billion from January 1 through February 1, 2016.

Fee-Earning Assets Under Management were $216.7 billion at December 31, 2014, an increase of $18.7 billion, or 9%, co
December 31, 2013. The net increase was due to:

Inflows of $50.2 billion related to:

$19.8 billion in our Credit segment driven by $5.5 billion raised in CLO launches, $5.2 billion raised i
companies (BDCs), $3.9 billion raised in hedge fund strategies and $2.4 billion of capital deployed
lending funds,

$12.0 billion in our Hedge Fund Solutions segment mainly related to growth in its customized and co
co-investment platform, additional closings on the general partner interests vehicle and the launch of B
investment-focused mutual fund and first liquid alternative UCITS structure fund,

$11.5 billion in our Real Estate segment primarily related to $3.1 billion capital raised and/or invested
raised for BREP Europe IV, $1.8 billion raised for BREP Asia, $874.0 million raised for BPP and $77
BXMT, and

$6.8 billion in our Private Equity segment primarily due to fundraising related to Strategic Partners si
capital raised for our Tactical Opportunities investment vehicles.

Market appreciation of $453.1 million principally due to solid returns from the BPS Composite funds in our H
segment offset by $1.4 billion in market depreciation for U.S. and European CLOs in the Credit segment princ
exchange depreciation and $751.6 million in our Real Estate segment principally due to foreign exchange depr

Offsetting these increases were:

Realizations of $21.7 billion primarily driven by:

$8.7 billion in our Real Estate segment primarily due to realizations of $2.7 billion from BREP VI, $2.
billion from BREP co-investment, $1.0 billion from BREP V and $565.3 million from BREP Europe I

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$7.9 billion in our Credit segment primarily due to $5.2 billion returned to CLO investors from CLOs t
reinvestment periods and $1.8 billion returned across the Mezzanine and Rescue Lending funds, and

$4.7 billion in our Private Equity segment primarily resulting from $3.3 billion return of capital from c
public share sales of Hilton, Pinnacle, and Nielsen and strategic sales in Apria, United Biscuits and Mi
earning realizations in Strategic Partners.

Outflows of $10.2 billion primarily attributable to:

$5.4 billion in our Hedge Fund Solutions segment primarily due to the liquidity needs of limited partne
shifts in their programs, and

$3.5 billion in our Credit segment primarily from our long-only platform, hedge fund strategies and bu
companies.

Total Assets Under Management

Total Assets Under Management were $336.4 billion at December 31, 2015, an increase of $46.0 billion, or 16%, compare
December 31, 2014. The net increase was due to:

Inflows of $93.6 billion primarily related to:

$30.0 billion in our Private Equity segment primarily related to $18.0 billion raised for the seventh priv
corresponding Fee-Earning Assets Under Management Inflow will occur when the investment period f
$7.0 billion raised for Tactical Opportunities, $2.2 billion raised from Strategic Partners and $714.2 mi

$29.5 billion in our Real Estate segment attributable to $16.0 billion raised for BREP VIII, $6.9 billion
raised during the initial closing for the third real estate debt strategies fund, $1.0 billion raised for BXM
raised for BREP co-investment,

$23.0 billion in our Credit segment primarily due to $5.0 billion raised from CLO launches, $4.8 billio
billion raised in our energy focused products, $3.6 billion raised in European senior debt strategies, $2
long only funds and $2.0 billion raised in hedge fund strategies, and

$11.0 billion in our Hedge Fund Solutions segment due primarily to the reasons noted above in Fee-Ea
Management.

Market appreciation of $7.8 billion due to:

$5.1 billion appreciation in our Private Equity segment driven by significant returns in funds across the

$4.9 billion net appreciation in our Real Estate segment driven by sustained strong operating fundamer resulting in appreciation of 16.6% offset by public portfolio depreciation of 8.6%, and by $1.9 billion c depreciation, and

$2.8 billion depreciation in our Credit segment due to reasons noted above in Fee-Earning Asset Unde $1.1 billion attributable to foreign currency depreciation.

Offsetting these increases were:

Realizations of $42.7 billion driven by:

$21.0 billion in our Real Estate segment due to realizations across the segment with 78% of realization Global and European opportunistic platform, including co-investment,

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$13.5 billion in our Private Equity segment primarily due to continued disposition activity across the s
BCP V fund and Strategic Partners fund of funds, and

$7.6 billion in our Credit segment due to capital returned to CLO investors from CLOs that are post th
realizations in our carry funds.

Outflows of $12.7 billion primarily attributable to:

$6.4 billion in our Credit segment primarily due to reasons noted above in Fee-Earning Assets Under M

$5.6 billion in our Hedge Fund Solutions segment due to reasons noted above in Fee-Earning Assets U
Total Assets Under Management were $290.4 billion at December 31, 2014, an increase of $24.6 billion, or 9%, compared
December 31, 2013. The net increase was due to:

Inflows of $57.3 billion primarily related to:

$21.1 billion in our Credit segment due to the reasons noted above in Fee-Earning Assets Under Mana

$13.7 billion in our Private Equity segment due primarily to capital raised for Strategic Partners sixth
energy focused fund and additional capital raised for our Tactical Opportunities investment vehicles,

$11.4 billion in our Hedge Fund Solutions segment due primarily to the reasons noted above in Fee-Ea
Management, and

$11.1 billion in our Real Estate segment attributable to $3.1 billion raised for BREP Europe IV, $2.3 b
billion raised for BREP Asia, $1.2 billion raised for BREDS and $779.5 million raised for BXMT.

Market appreciation of $24.6 billion due to:

$11.7 billion in our Real Estate segment driven by sustained strong operating fundamentals in the priv
billion) and public portfolio appreciation (17.0%, $3.7 billion),

$10.7 billion in our Private Equity segment driven by significant returns in funds across the segment, p
VI, and

$2.3 billion in our Hedge Fund Solutions segment driven by the BPS Composite up 7.0% gross (5.9%
Offsetting these increases were:

Realizations of $45.5 billion driven by:

- $20.4 billion in our Real Estate segment due to realizations of $7.3 billion in BREP VI, $3.6 billion in billion in BREP V, $2.1 billion in BREP VII, $2.0 billion in BREDS and $1.4 billion in BREP Europe
- $15.4 billion in our Private Equity segment due to execution on monetization opportunities across our portfolio, and
- $9.3 billion in our Credit segment due to capital returned to CLO investors from CLOs that are post th realizations in our carry funds and BDCs.

Outflows of $11.7 billion primarily attributable to:

- $5.4 billion in our Hedge Fund Solutions segment primarily related to the liquidity needs of limited pa shifts in their programs.
- $3.8 billion in our Credit segment primarily due to reasons noted above in Fee-Earning Assets Under M

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Limited Partner Capital Invested

The following presents the limited partner capital invested during the respective periods:

Note: Totals in graph may not add due to rounding.

	Year Ended December 31,			2014 vs. 2013	
	2013	2014	2015	$	%
Limited Partner Capital Invested					
Private Equity	$ 2,568,582	$ 9,623,273	$ 10,219,178	$ 7,054,691	275
Real Estate	9,741,277	11,235,142	16,259,362	1,493,865	15
Hedge Fund Solutions	431,275	854,128	243,241	422,853	98
Credit	1,438,570	2,656,958	3,783,265	1,218,388	85
Total	$ 14,179,704	$ 24,369,501	$ 30,505,046	$ 10,189,797	72

Limited Partner Capital Invested was $30.5 billion for the year ended December 31, 2015, an increase of $6.1 billion, or 2
the year ended December 31, 2014. The amount of Limited Partner Capital Invested is a function of finding opportunistic
investment philosophy and strategy in each of our segments as well as the relative size and timing of investment closings
Private Equity segment deployed greater capital in 2015 than in 2014 as we found strong opportunities that fit within our i
our corporate private equity funds as well as increased capital deployment opportunities within our Tactical Opportunities
businesses. Our Real Estate segment deployed $16.3 billion of capital in 2015, a 45% increase from 2014 primarily due to
investment activity in BPP. Our Hedge Fund Solutions segment is investing capital based on the relative investment oppor
manager seeding platform and general partner interests vehicle. In our Credit segment, capital deployed for the year ended
higher compared to the year ended December 31, 2014 primarily due to a greater number of investment opportunities in ou
our investment philosophy, notably within the energy sector and European direct lending space.

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The following presents the committed undrawn capital available for investment (dry powder) as of December 31, 2015

Note: Totals may not add due to rounding. Amounts are as of December 31 of each year.

(a) Represents illiquid drawdown funds only; excludes marketable vehicles; includes both Fee-Earning (third party) cap employee commitments that do not earn fees. Amounts are reduced by outstanding commitments to invest, but for w called.

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Net Accrued Performance Fees

The following table presents the accrued performance fees, net of performance fee compensation, of the Blackstone Funds and 2014. Net accrued performance fees presented do not include clawback amounts, if any, which are disclosed in Note 1 Contingencies Contingencies Contingent Obligations (Clawback) in the Notes to Consolidated Financial Statement and Supplementary Data of this filing. The net accrued performance fee as of each reporting date is principally unrealize incentive fees which, if realized, can be a significant component of Distributable Earnings.

Private Equity	
BCP IV Carried Interest	$
BCP V Carried Interest	
BCP VI Carried Interest	
BEP Carried Interest	
Tactical Opportunities Carried Interest	
BTAS Carried Interest	
Strategic Partners Carried Interest	
Other Carried Interest	
Total Private Equity (a)	
Real Estate	
BREP IV Carried Interest	
BREP V Carried Interest	
BREP VI Carried Interest	
BREP VII Carried Interest	
BREP VIII Carried Interest	
BREP Europe III Carried Interest	
BREP Europe IV Carried Interest	
BREP Asia Carried Interest	
BPP Carried Interest	
BREDS Carried Interest	
BPP Incentive Fees	
BREDS Incentive Fees	
Asia Platform Incentive Fees	
Total Real Estate (a)	
Hedge Fund Solutions	
Incentive Fees	
Total Hedge Fund Solutions	
Credit	
Carried Interest	
Incentive Fees	
Total Credit	
Total Blackstone	
Carried Interest	
Incentive Fees	

Net Accrued Performance Fees $

(a) Private Equity and Real Estate include Co-Investments.

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Performance Fee Eligible Assets Under Management

The following represents invested and to be invested capital, including closed commitments for funds whose investment p
commenced, on which performance fees could be earned if certain hurdles are met:

Note: Totals may not add due to rounding. Amounts are as of December 31.

(a) Represents invested and to be invested capital at fair value, including closed commitments for funds whose investm
commenced, on which performance fees could be earned if certain hurdles are met.

(b) Represents dry powder exclusive of non-fee earning general partner and employee commitments.

Investment Record

Fund returns information for our significant funds is included throughout this discussion and analysis to facilitate an under
operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicativ
performance of The Blackstone Group L.P. and is also not necessarily indicative of the future performance of any particul
The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or ou
funds will achieve similar returns.

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The following table presents the investment record of our significant drawdown funds from inception through December 3

Fund (Investment Period)	Committed Capital	Available Capital (a)	Unrealized Investments Value	Unrealized Investments MOIC (b)	Unrealized Investments % Public	Realized Investments Value	Realized Investments MOIC (b)	Total Inve Value
			(Dollars in Thousands, Except Where Noted)					
Private Equity								
BCP I (Oct 1987 / Oct 1993)	$ 859,081	$	$	N/A		$ 1,741,738	2.6x	$ 1,741,73
BCP II (Oct 1993 / Aug 1997)	1,361,100			N/A		3,256,819	2.5x	3,256,81
BCP III (Aug 1997 / Nov 2002)	3,967,422			N/A		9,184,688	2.3x	9,184,68
BCOM (Jun 2000 / Jun 2006)	2,137,330	199,298	155,610	1.6x	71%	2,808,140	1.4x	2,963,75
BCP IV (Nov 2002 / Dec 2005)	6,773,182	220,676	2,148,444	1.3x	30%	18,896,847	3.2x	21,045,29
BCP V (Dec 2005 / Jan 2011)	21,025,483	1,261,713	11,213,593	1.5x	73%	25,866,084	2.0x	37,079,67
BCP VI (Jan 2011 / Jan 2017)	15,186,676	3,437,279	14,556,872	1.3x	25%	2,010,281	1.9x	16,567,15
BEP I (Aug 2011 / Feb 2015)	2,439,096	208,049	2,694,285	1.3x	21%	539,484	2.0x	3,233,76
BEP II (Feb 2015 / Feb 2021)	4,951,351	4,940,725	10,627	1.0x			N/A	10,62
BCP VII (TBD)	18,000,000	18,000,000		N/A			N/A	
Total Corporate Private Equity	76,700,721	28,267,740	30,779,431	1.4x	43%	64,304,081	2.3x	95,083,51
Tactical Opportunities	13,047,121	6,928,783	6,594,346	1.1x	5%	1,272,843	1.5x	7,867,18
Strategic Partners I-V and Co-Investment	12,001,300	2,198,999	4,401,532	2.6x		12,857,614	1.3x	17,259,14
Strategic Partners VI	6,701,331	2,116,999	3,282,072	1.2x		334,323	0.2x	3,616,39
Other Funds and Co-Investment (d)	3,013,278	1,308,318	1,395,181	1.1x	35%	227,280	1.3x	1,622,46
Total Private Equity	$ 111,463,751	$ 40,820,839	$ 46,452,562	1.4x	30%	$ 78,996,141	1.9x	$ 125,448,70
Real Estate								
Dollar								
Pre-BREP	$ 140,714	$	$	N/A		$ 345,190	2.5x	$ 345,19
BREP I (Sep 1994 / Oct 1996)	380,708			N/A		1,327,708	2.8x	1,327,70
BREP II (Oct 1996 / Mar 1999)	1,198,339			N/A		2,531,613	2.1x	2,531,61
BREP III (Apr 1999 / Apr 2003)	1,522,708			N/A		3,336,402	2.4x	3,336,40
BREP IV (Apr 2003 / Dec 2005)	2,198,694		713,015	0.7x	14%	3,900,618	2.2x	4,613,63
BREP V (Dec 2005 / Feb 2007)	5,539,418		4,440,351	2.3x	28%	8,393,813	2.2x	12,834,16
BREP VI (Feb 2007 / Aug 2011)	11,059,523	584,008	7,592,592	2.1x	65%	17,662,251	2.4x	25,254,84
BREP VII (Aug 2011 / Apr 2015)	13,490,570	2,565,752	16,088,059	1.6x	1%	8,031,818	1.9x	24,119,87
BREP VIII (Apr 2015 / Oct 2020)	15,940,743	12,797,781	3,389,563	1.1x			N/A	3,389,56

Total Global BREP	$ 51,471,417	$ 15,947,541	$ 32,223,580	1.6x	20%	$ 45,529,413	2.2x	$ 77,752,99
Euro								
BREP Int l (Jan 2001 / Sep 2005)	824,172			N/A		1,366,154	2.1x	1,366,15
BREP Int l II (Sep 2005 / Jun 2008)	1,629,748	54,138	520,843	1.1x	63%	1,714,266	1.8x	2,235,10
BREP Europe III (Jun 2008 / Sep 2013)	3,205,140	471,643	3,380,172	1.9x	4%	2,496,255	2.2x	5,876,42
BREP Europe IV (Sep 2013 / Mar 2019)	6,695,866	2,185,988	6,246,497	1.3x		405,114	1.4x	6,651,61
Total Euro BREP	12,354,926	2,711,769	10,147,512	1.4x	4%	5,981,789	2.0x	16,129,30
BREP Co-Investment (e)	$ 6,109,088	$	$ 5,686,895	1.7x	66%	$ 6,156,862	2.3x	$ 11,843,75
BREP Asia (Jun 2013 / Dec 2017)	5,078,300	2,781,959	2,939,592	1.3x		85,048	1.7x	3,024,64
Total BREP	$ 78,732,628	$ 21,675,024	$ 53,661,654	1.5x	20%	$ 59,746,625	2.2x	$ 113,408,27
BPP (f)	$ 10,323,584	$ 2,237,310	$ 9,029,698	1.1x		$	N/A	$ 9,029,69
BREDS (g)	$ 7,024,734	$ 2,549,256	$ 2,398,503	1.2x		$ 5,456,371	1.3x	$ 7,854,87
Hedge Fund Solutions								
BSCH (Dec 2013 / Jun 2020) (h)	$ 3,300,600	$ 3,015,378	$ 287,802	1.1x		$ 57,987	N/A	$ 345,78
BSCH Co-Investment	75,500	75,500		N/A			N/A	
Total Hedge Fund Solutions	$ 3,376,100	$ 3,090,878	$ 287,802	1.1x		$ 57,987	N/A	$ 345,78

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Fund (Investment Period)	Committed Capital	Available Capital (a)	Unrealized Investments Value	Unrealized Investments MOIC (b)	% Public	Realized Investments Value	Realized Investments MOIC (b)	Total Inve… Value
	(Dollars in Thousands, Except Where Noted)							
Credit (i)								
Dollar								
Mezzanine I (Jul 2007 / Oct 2011)	$ 2,000,000	$ 99,280	$ 457,313	1.7x		$ 4,396,393	1.6x	$ 4,853,706
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	2,001,026	2,806,501	1.1x		1,811,700	1.4x	4,618,201
Rescue Lending I (Sep 2009 / May 2013)	3,253,143	553,131	1,670,415	1.2x		4,092,198	1.5x	5,762,613
Rescue Lending II (Jun 2013 / Jun 2018)	5,125,000	2,973,619	2,286,253	1.0x		88,846	1.1x	2,375,099
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,866	2,533,928	323,839	1.0x			N/A	323,839
Total Dollar Credit	$ 17,355,009	$ 8,160,984	$ 7,544,321	1.1x		$ 10,389,137	1.5x	$ 17,933,458
Euro								
European Senior Debt (Feb 2015 / Feb 2018)	1,964,689	3,411,806	547,859	1.0x		142,288	1.2x	690,147
Total Euro Credit	1,964,689	3,411,806	547,859	1.0x		142,288	1.2x	690,147
Total Credit	$ 19,621,419	$ 11,867,603	$ 8,139,805	1.1x		$ 10,546,606	1.5x	$ 18,686,411

N/M Not meaningful.

N/A Not applicable.

(a) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expen capital, less invested capital. This amount is not reduced by outstanding commitments to investments.

(b) Multiple of Invested Capital (MOIC) represents carrying value, before management fees, expenses and Carried In capital.

(c) Net Internal Rate of Return (IRR) represents the annualized inception to December 31, 2015 IRR on total investe proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

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

(e) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected each co-investment s realized proceeds and unrealized value, as applicable, after management fees, expenses and C

(f) BPP, or Blackstone Property Partners, are the core+ real estate funds which invest with a more moderate risk profile

(g) Excludes Capital Trust drawdown funds.

(h) BSCH is a permanent capital vehicle focused on acquiring strategic minority positions in alternative asset managers.

(i) The Total Investments MOIC for Mezzanine I, Mezzanine II, Rescue Lending I and Rescue Lending II Funds, exclu the investment period, was 2.0x, 1.4x, 1.6x and 1.1x, respectively. Funds presented represent flagship credit drawdo Credit Net IRR is the combined IRR of the six credit drawdown funds presented.

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Segment Analysis

Discussed below is our EI for each of our segments. This information is reflected in the manner utilized by our senior man
decisions, assess performance and allocate resources. References to our sectors or investments may also refer to portfol
of the underlying funds that we manage.

For segment reporting purposes, revenues and expenses are presented on a basis that deconsolidates the investment funds
segment revenues are greater than those presented on a consolidated GAAP basis because fund management fees recogniz
received from the Blackstone Funds and eliminated in consolidation when presented on a consolidated GAAP basis. Furth
are lower than related amounts presented on a consolidated GAAP basis due to the exclusion of fund expenses that are pai
the elimination of non-controlling interests.

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Private Equity

The following table presents the results of operations for our Private Equity segment:

	Year Ended December 31,			2015 vs. 2014	
	2015	2014	2013	$	%
			(Dollars in Thousands)		
Segment Revenues					
Management Fees, Net					
Base Management Fees	$ 502,640	$ 415,841	$ 368,146	$ 86,799	21%
Advisory Fees	10,561	21,903	24,313	(11,342)	-52%
Transaction and Other Fees, Net	36,258	135,718	97,678	(99,460)	-73%
Management Fee Offsets	(36,760)	(19,146)	(5,683)	(17,614)	92%
Total Management Fees, Net	512,699	554,316	484,454	(41,617)	-8%
Performance Fees					
Realized					
Carried Interest	1,474,987	754,402	329,993	720,585	96%
Unrealized					
Carried Interest	(717,955)	1,222,828	398,232	(1,940,783)	N/M
Total Performance Fees	757,032	1,977,230	728,225	(1,220,198)	-62%
Investment Income (Loss)					
Realized	189,649	202,719	88,026	(13,070)	-6%
Unrealized	(116,338)	(23,914)	161,749	(92,424)	386%
Total Investment Income	73,311	178,805	249,775	(105,494)	-59%
Interest and Dividend Revenue	33,218	21,993	15,625	11,225	51%
Other	5,854	6,569	4,259	(715)	-11%
Total Revenues	1,382,114	2,738,913	1,482,338	(1,356,799)	-50%
Expenses					
Compensation and Benefits					
Compensation	280,248	280,499	240,150	(251)	-0%
Performance Fee Compensation					
Realized					
Carried Interest	256,922	266,393	38,953	(9,471)	-4%
Unrealized					
Carried Interest	(10,172)	210,446	342,733	(220,618)	N/M
Total Compensation and Benefits	526,998	757,338	621,836	(230,340)	-30%
Other Operating Expenses	199,158	143,562	124,499	55,596	39%
Total Expenses	726,156	900,900	746,335	(174,744)	-19%
Economic Income	$ 655,958	$ 1,838,013	$ 736,003	$ (1,182,055)	-64%

N/M Not meaningful.

Note As a result of the spin-off on October 1, 2015 of Blackstone s Financial Advisory business, which did not include
were reclassified from the Financial Advisory segment to the Private Equity segment. All prior periods have been r
reclassification.

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Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Revenues were $1.4 billion for the year ended December 31, 2015, a decrease of $1.4 billion compared to $2.7 billion for
December 31, 2014. The decrease in revenues was attributable to decreases in Performance Fees, Investment Income, and
Net of $1.2 billion, $105.5 million and $41.6 million, respectively.

The decline in 2015 revenues in our Private Equity segment was significantly driven by a decline in unrealized Performan
Unrealized Performance Fees was primarily due to negative swings in the marks of our publicly-traded Private Equity por
of macroeconomic concerns and declining public equity markets. If macroeconomic conditions were to deteriorate in the f
decline in our Private Equity fund investments, revenues in our Private Equity segment would likely continue to be negati
unrealized markdowns in energy had a more limited impact on declining revenues in 2015, a sustained period of depressed
likely adversely affect our Private Equity revenues.

Performance Fees, which are determined on a fund by fund basis, were $757.0 million for the year ended December 31, 20
billion, compared to $2.0 billion for the year ended December 31, 2014, principally due to the performance in our corpora
which generated overall solid net performance which was, however, lower than the net returns in 2014. The returns in thes
strong operating performance across most of our private and public portfolios.

Investment Income was $73.3 million for the year ended December 31, 2015, a decrease of $105.5 million, compared to $
ended December 31, 2014, primarily due to our BCP V and BCP VI funds which generated strong net returns of 8.1% and
year, but were slightly lower than the returns generated in the full year 2014 mainly as a result of the lower returns in our p

Total Management Fees were $512.7 million for the year ended December 31, 2015, a decrease of $41.6 million compared
year ended December 31, 2014, driven primarily by decreases in Transaction and Other Fees, Net and Management Fee O
increase in Base Management Fees. Transaction and Other Fees were $36.3 million for the year ended December 31, 2015
compared to $135.7 million for the year ended December 31, 2014, primarily due to the timing of investment closings and
monitoring fee termination payments. Management Fee Offsets were $(36.8) million for the year ended December 31, 201
million compared to $(19.1) million for the year ended December 31, 2014, primarily due to the increased offset rates in r
Management Fees were $502.6 million for the year ended December 31, 2015, an increase of $86.8 million compared to $
ended December 31, 2014, primarily due to the increase in the funds raised for our Tactical Opportunities investment vehi
secondary private fund of funds business.

Expenses

Expenses were $726.2 million for the year ended December 31, 2015, a decrease of $174.7 million, compared to $900.9 m
December 31, 2014. The decrease was primarily attributable to a decrease of $230.1 million in Performance Fee Compens
$55.6 million increase in Other Operating Expenses. Performance Fee Compensation decreased as a result of the decrease
Revenue. The increase in Other Operating Expenses was primarily due to non-recurring costs related to the SEC settlemen
allocated to the segment and certain one-time costs associated with fundraising.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Revenues were $2.7 billion for the year ended December 31, 2014, an increase of $1.3 billion compared to $1.5 billion for
December 31, 2013. The increase in revenues was attributable to increases in Performance Fees and Total Management Fe
$69.9 million, respectively, partially offset by a decrease in Investment Income of $71.0 million.

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Performance Fees, which are determined on a fund by fund basis, were $2.0 billion for the year ended December 31, 2014
compared to $728.2 million for the year ended December 31, 2013, principally due to the performance in our BCP V and I
generated net returns of 24% and 18%, respectively with BCP V crossing its preferred return threshold during the period. T
were driven by both the private and public portfolios, from strong operating performance across the portfolio as well as the
Michaels Stores, Catalent and Vivint s solar business.

Total Management Fees were $554.3 million for the year ended December 31, 2014, an increase of $69.9 million compare
year ended December 31, 2013, driven primarily by increases in Base Management Fees and Transaction and Other Fees,
were $415.8 million for the year ended December 31, 2014, an increase of $47.7 million compared to $368.1 million for th
2013, primarily due to the increase in the funds raised for our Tactical Opportunities investment vehicles and Strategic Par
of funds business as well as the inclusion of the Strategic Partners management fees for the full year. Transaction and Othe
for the year ended December 31, 2014, an increase of $38.0 million compared to $97.7 million for the year ended Decemb
fees earned related to transaction closings.

Investment Income was $178.8 million for the year ended December 31, 2014, a decrease of $71.0 million, compared to $
ended December 31, 2013, primarily due to our BCP V and BEP funds which generated strong net returns of 24% and 12%
but were slightly lower than the returns generated in the full year 2013.

Expenses

Expenses were $900.9 million for the year ended December 31, 2014, an increase of $154.6 million, compared to $746.3 m
December 31, 2013. The increase was primarily attributable to increases of $95.2 million in Performance Fee Compensatio
Compensation, and $19.1 million in Other Operating Expenses. Performance Fee Compensation increased as a result of th
Fees Revenue. Compensation increased primarily due to an increase in revenue on which a portion of compensation is bas
headcount to support the growth of the business. The increase in Other Operating Expenses was primarily due to an increa
segment.

Fund Returns

Fund returns information for our significant funds is included throughout this discussion and analysis to facilitate an unde
operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative
performance of The Blackstone Group L.P. and is also not necessarily indicative of the future performance of any particul
The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or ou
funds will achieve similar returns.

The following table presents the internal rates of return of our significant private equity funds:

	Year Ended December 31,						De In
	2015		2014 (a)		2013 (a)		Realized
Fund (b)	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**
BCP IV	-6%	-6%	-4%	-2%	27%	23%	57%
BCP V	11%	8%	35%	24%	38%	35%	13%
BCOM	50%	49%	12%	20%	8%	-2%	14%
BCP VI	11%	8%	24%	18%	24%	13%	65%
BEP I	-5%	-4%	15%	12%	47%	36%	61%
BEP II (c)	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Tactical Opportunities	12%	8%	22%	17%	20%	13%	39%
Strategic Partners	22%	19%	24%	20%	8%	6%	N/A

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The returns presented herein represent those of the applicable Blackstone Funds and not those of The Blackstone C

N/M Not meaningful.
N/A Not applicable.
(a) Changes in previous period returns are due to the repayment of fund level financing with capital drawn down from t and limited partners.
(b) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and
(c) BEP II s investment returns are presented as N/M as its investment period commenced in February 2015.

The corporate private equity funds within the Private Equity segment have four contributed funds with closed investment p BCOM and BEP I. As of December 31, 2015, BCP IV was above its Carried Interest threshold (i.e., the preferred return pa before the general partner is eligible to receive Carried Interest) and would still be above its Carried Interest threshold eve investments were valued at zero. BCP V is comprised of two fund classes based on the timings of fund closings, the BCP fund. Within these fund classes, the general partner (GP) is subject to equalization such that (a) the GP accrues Carried Interest for the combined fund classes is positive and (b) the GP realizes Carried Interest so long as clawback obligations, fund classes are fully satisfied. During the quarter, both fund classes were above their respective Carried Interest threshold its Carried Interest threshold and has generated inception to date positive returns. We are entitled to retain previously reali 20% of BCOM s net gains. As a result, Performance Fees are recognized from BCOM on current period gains and losses. Carried Interest threshold.

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Real Estate

The following table presents the results of operations for our Real Estate segment:

	Year Ended December 31,			2015 vs. 2014	
	2015	2014	2013	$	%
	(Dollars in Thousands)				
Segment Revenues					
Management Fees, Net					
Base Management Fees	$ 668,575	$ 628,502	$ 565,182	$ 40,073	6%
Transaction and Other Fees, Net	110,577	91,610	79,675	18,967	21%
Management Fee Offsets	(26,840)	(34,443)	(22,821)	7,603	-22%
Total Management Fees, Net	752,312	685,669	622,036	66,643	10%
Performance Fees					
Realized					
Carried Interest	1,634,733	1,487,762	486,773	146,971	10%
Incentive Fees	17,153	11,499	45,862	5,654	49%
Unrealized					
Carried Interest	(680,542)	524,046	1,651,700	(1,204,588)	N/M
Incentive Fees	20,802	(5,521)	(28,753)	26,323	N/M
Total Performance Fees	992,146	2,017,786	2,155,582	(1,025,640)	-51%
Investment Income (Loss)					
Realized	235,582	309,095	52,359	(73,513)	-24%
Unrealized	(231,889)	(58,930)	350,201	(172,959)	293%
Total Investment Income	3,693	250,165	402,560	(246,472)	-99%
Interest and Dividend Revenue	43,990	30,197	21,563	13,793	46%
Other	(1,422)	2,863	3,384	(4,285)	N/M
Total Revenues	1,790,719	2,986,680	3,205,125	(1,195,961)	-40%
Expenses					
Compensation and Benefits					
Compensation	358,381	326,317	294,222	32,064	10%
Performance Fee Compensation					
Realized					
Carried Interest	484,037	432,996	148,837	51,041	12%
Incentive Fees	8,678	5,980	23,878	2,698	45%
Unrealized					
Carried Interest	(196,347)	197,174	566,837	(393,521)	N/M
Incentive Fees	8,817	(2,751)	(15,015)	11,568	N/M
Total Compensation and Benefits	663,566	959,716	1,018,759	(296,150)	-31%
Other Operating Expenses	179,175	146,083	116,391	33,092	23%
Total Expenses	842,741	1,105,799	1,135,150	(263,058)	-24%
Economic Income	$ 947,978	$ 1,880,881	$ 2,069,975	$ (932,903)	-50%

N/M Not meaningful.

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Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Revenues were $1.8 billion for the year ended December 31, 2015, a decrease of $1.2 billion compared to $3.0 billion for
December 31, 2014. The decrease in revenues was primarily attributable to decreases in Performance Fees and Investment
$246.5 million, respectively, partially offset by an increase in Total Management Fees, Net of $66.6 million.

The decline in 2015 revenues in our Real Estate segment was significantly driven by a decline in unrealized Performance
Unrealized Performance Fees was primarily due to negative swings in the marks of our publicly-traded Real Estate equity
lodging, as a result of a decline in public equity markets in 2015. If macroeconomic conditions were to deteriorate in the f
in our Real Estate fund investments, revenues in our Real Estate segment would likely continue to be negatively impacted

Performance Fees, which are determined on a fund by fund basis, were $992.1 million for the year ended December 31, 20
billion compared to $2.0 billion for the year ended December 31, 2014. Performance Fees decreased by $1.0 billion due to
the net appreciation of investments in our BREP carry funds from 20.9% to 9.7%. For the year ended December 31, 2015,
value of assets for Blackstone s contributed Real Estate opportunistic funds was driven by sustained strong operating fun
portfolio resulting in appreciation of 16.6% offset by public portfolio depreciation of 8.6%. Our BREDS drawdown and re
appreciated 13.0% and 2.9%, respectively.

Investment Income was $3.7 million for the year ended December 31, 2015, a decrease of $246.5 million compared to $25
ended December 31, 2014. The decrease in Investment Income was due to a year over year net depreciation of investment
Blackstone has a larger investment in BREP VI than in other BREP funds.

Total Management Fees, Net were $752.3 million for the year ended December 31, 2015, an increase of $66.6 million com
the year ended December 31, 2014, primarily attributable to increases in Base Management Fees. Base Management Fees
year ended December 31, 2015, an increase of $40.1 million compared to $628.5 million for the year ended December 31,
principally due to fees generated from fundraising within BREP VIII, BPP and invested capital within BREDS, partially o
the portfolio.

Expenses

Expenses were $842.7 million for the year ended December 31, 2015, a decrease of $263.1 million, compared to $1.1 billi
December 31, 2014. The decrease was primarily attributable to a decrease of Performance Fee Compensation of $328.2 m
increases in Compensation and Other Operating Expenses of $32.1 million and $33.1 million, respectively. The decrease i
Compensation is the result of a decrease in Performance Fees Revenue. The increase in Compensation is due to an overall
Fees, on which a portion of compensation is based, as well as an increase in headcount to support the growth of the busine
Operating Expenses was primarily due to an increase in interest expense allocated to the segment and certain one-time cos
fundraising.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Revenues were $3.0 billion for the year ended December 31, 2014, a decrease of $218.4 million compared to $3.2 billion f
December 31, 2013. The decrease in revenues was primarily attributable to decreases in Investment Income and Performa
and $137.8 million, respectively, partially offset by an increase in Total Management Fees, Net of $63.6 million.

Investment Income was $250.2 million for the year ended December 31, 2014, a decrease of $152.4 million compared to $
ended December 31, 2013. The decrease in Investment Income was due to a year over year decrease in the net appreciation
BREP VI fund. Blackstone has a larger investment in BREP VI than in other BREP funds.

Performance Fees, which are determined on a fund by fund basis, were $2.0 billion for the year ended December 31, 2014
million compared to $2.2 billion for the year ended December 31, 2013. Performance Fees decreased by $137.8 million du
decrease in the net appreciation of investments in our BREP carry funds from 31.3% to 20.9%. For the year ended Decem
carrying value of assets for Blackstone s contributed Real Estate funds, including fee-paying co-investments was driven b
fundamentals in the private portfolio and public portfolio appreciation. Our BREDS drawdown and real estate hedge funds
5.3%, respectively.

Total Management Fees, Net were $685.7 million for the year ended December 31, 2014, an increase of $63.6 million con
the year ended December 31, 2013, primarily attributable to increases in Base Management Fees. Base Management Fees
year ended December 31, 2014, an increase of $63.3 million compared to $565.2 million for the year ended December 31,
principally due to fees generated from fundraising within BREP Europe IV, BREP Asia, BPP and invested capital within I
the expiration of BREP V and realizations across the portfolio.

Expenses

Expenses were $1.1 billion for the year ended December 31, 2014, a decrease of $29.4 million, compared to $1.1 billion fo
December 31, 2013. The decrease was primarily attributable to a decrease of Performance Fee Compensation of $91.1 mil
increases in Compensation and Other Operating Expenses of $32.1 million and $29.7 million, respectively. The decrease i
Compensation is the result of a decrease in Performance Fees Revenue. The increase in Compensation is due to an overall
Fees, on which a portion of compensation is based, as well as an increase in headcount to support the growth of the busine
Operating Expenses was primarily due to an increase in interest expense allocated to the segment as well as increases in bu
professional fees.

Fund Returns

Fund return information for our significant funds is included throughout this discussion and analysis to facilitate an unders
operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative
performance of The Blackstone Group L.P. and is also not necessarily indicative of the future performance of any particul
The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or ou
funds will achieve similar returns.

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The following table presents the internal rates of return of our significant real estate funds:

	Year Ended December 31,						
	2015		2014		2013		Rea
Fund (a)	Gross	Net	Gross	Net	Gross	Net	Gross
BREP IV	-2%	-2%	12%	9%	28%	21%	65%
BREP V	16%	14%	25%	21%	19%	15%	17%
BREP International II (b)	20%	17%	27%	25%	32%	30%	10%
BREP VI	-2%	-2%	20%	17%	43%	35%	20%
BREP Europe III (b)	21%	17%	32%	25%	23%	17%	36%
BREP VII	19%	14%	33%	25%	41%	29%	46%
BREP VIII	N/M	N/M	N/A	N/A	N/A	N/A	N/A
BREP Asia	22%	13%	19%	10%	N/M	N/M	50%
BREP Europe IV (b)	27%	19%	32%	20%	N/M	N/M	54%
BREDS	14%	9%	15%	10%	15%	11%	17%
BSSF I	4%	2%	14%	10%	14%	10%	N/A
CMBS	2%	1%	9%	6%	11%	7%	N/A
BREIF	7%	4%	4%	2%	N/A	N/A	N/A
BPP	17%	15%	28%	24%	N/A	N/A	N/A
BREP Co-Investment (c)			24%	22%	43%	39%	19%

The returns presented herein represent those of the applicable Blackstone Funds and not those of The Blackstone G

N/M Not meaningful.
N/A Not applicable.
(a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and allocations.
(b) Euro-based net internal rates of return.
(c) Excludes fully realized co-investments prior to Blackstone s initial public offering.

The following table presents the Carried Interest status of our real estate carry funds with expired investment periods whic generating performance fees as of December 31, 2015:

	Gain to Cross Carried Interest	
Fully Invested Funds	Amount	% Change in Total Enterprise Value (b)
	(Amounts in Millio	
BREP Int l II (Sep 2005 / Jun 2008)	779	46%

(a) The general partner of each fund is allocated Carried Interest when the annualized returns, net of management fees a preferred return as dictated by the fund agreements. The preferred return is calculated for each limited partner indivi Carried Interest Threshold represents the increase in equity at the fund level (excluding our side-by-side investments general partner to begin accruing Carried Interest, assuming the gain is earned pro rata across the fund s investment reporting date.
(b) Total Enterprise Value is the respective fund s pro rata ownership of the privately held portfolio companies Enter

The Real Estate segment has seven funds in their investment period, which were above their respective Carried Interest thr 2015: BREP VIII, BREP Asia, BREP Europe IV and four funds within BREDS II.

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Hedge Fund Solutions

The following table presents the results of operations for our Hedge Fund Solutions segment:

	Year Ended December 31,			2015 vs. 2014	
	2015	2014	2013	$	%
			(Dollars in Thousands)		
Segment Revenues					
Management Fees, Net					
Base Management Fees	$ 524,386	$ 482,981	$ 409,321	$ 41,405	9
Transaction and Other Fees, Net	317	569	623	(252)	-44
Management Fee Offsets	171	(5,014)	(3,387)	5,185	N/M
Total Management Fees, Net	524,874	478,536	406,557	46,338	10
Performance Fees					
Realized					
Incentive Fees	68,197	140,529	207,735	(72,332)	-51
Unrealized					
Carried Interest	2,021			2,021	N/M
Incentive Fees	(8,084)	(879)	7,718	(7,205)	820
Total Performance Fees	62,134	139,650	215,453	(77,516)	-56
Investment Income (Loss)					
Realized	(12,741)	21,550	27,613	(34,291)	N/M
Unrealized	(1,435)	5,132	(9,306)	(6,567)	N/M
Total Investment Income (Loss)	(14,176)	26,682	18,307	(40,858)	N/M
Interest and Dividend Revenue	17,274	11,114	7,605	6,160	55
Other	200	1,855	688	(1,655)	-89
Total Revenues	590,306	657,837	648,610	(67,531)	-10
Expenses					
Compensation and Benefits					
Compensation	179,484	131,658	136,470	47,826	36
Performance Fee Compensation					
Realized					
Incentive Fees	27,155	42,451	65,793	(15,296)	-36
Unrealized					
Carried Interest	823			823	N/M
Incentive Fees	(2,912)	(273)	2,856	(2,639)	967
Total Compensation and Benefits	204,550	173,836	205,119	30,714	18
Other Operating Expenses	90,072	86,129	66,966	3,943	5
Total Expenses	294,622	259,965	272,085	34,657	13
Economic Income	$ 295,684	$ 397,872	$ 376,525	$ (102,188)	-26

N/M Not meaningful.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Revenues were $590.3 million for the year ended December 31, 2015, a decrease of $67.5 million compared to $657.8 mil
December 31, 2014. The decrease in revenues was primarily attributable to

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decreases in Performance Fees and Investment Income of $77.5 million and $40.9 million, respectively, partially offset by
Management Fees, Net of $46.3 million.

In 2015, Hedge Fund Solutions operated in an environment generally characterized by declines in equity and fixed income
connection, global markets experienced significant volatility during 2015, with the CBOE volatility index reaching its hig
Notwithstanding these market conditions, the BPS Composite gross return was positive 2.9% during 2015, outperforming
Hedge Fund Index. In the future, however, if global asset prices continue to decline or liquidity needs cause investors to w
Solutions revenues would likely continue to be negatively impacted. Nonetheless, Hedge Fund Solutions operates multiple
strategies that are both long and short asset classes and generates a majority of its revenue through management fees, all o
downside protection to Hedge Fund Solutions revenues.

Performance Fees were $62.1 million for the year ended December 31, 2015, a decrease of $77.5 million compared to $13
ended December 31, 2014. This was primarily due to lower returns. The net returns of the underlying assets within the BP
2.1% during the year ended December 31, 2015.

Investment Loss was $14.2 million for the year ended December 31, 2015, a decrease of $40.9 million compared to Invest
million for the year ended December 31, 2014. The decrease in Investment Income was primarily driven by the year over y
investments of which Blackstone owns a share.

Total Management Fees, Net were $524.9 million for the year ended December 31, 2015, an increase of $46.3 million com
the year ended December 31, 2014, primarily due to an increase in Base Management Fees. Base Management Fees were
ended December 31, 2015, an increase of $41.4 million compared to $483.0 million for the year ended December 31, 2014
increase in Fee-Earning Assets Under Management of 7% from the prior year, which was from net inflows and market ap

Expenses

Expenses were $294.6 million for the year ended December 31, 2015, an increase of $34.7 million compared to the year e
The increase was primarily attributable to a $47.8 million increase in Compensation, and a $3.9 million increase in Other
partially offset by a $17.1 million decrease in Performance Fee Compensation. Compensation was $179.5 million for the y
2015, an increase of $47.8 million compared to $131.7 million for the prior year, due to an overall increase in Managemen
of compensation is based, an increase in headcount to support the growth of the business and a change in the terms of Def
awards. Other Operating Expenses were $90.1 million for the year ended December 31, 2015, an increase of $3.9 million
for the year ended December 31, 2014. The increase in Other Operating Expenses was primarily due to interest allocated t
Fee Compensation was $25.1 million for the year ended December 31, 2015, a decrease of $17.1 million compared to $42
December 31, 2014 due to the decrease in Performance Fees Revenue.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Revenues were $657.8 million for the year ended December 31, 2014, an increase of $9.2 million compared to $648.6 mil
December 31, 2013. The increase in revenues was primarily attributable to increases in Total Management Fees, Net and I
million and $8.4 million, respectively, partially offset by a decrease in Performance Fees of $75.8 million.

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Total Management Fees, Net were $478.5 million for the year ended December 31, 2014, an increase of $72.0 million con
the year ended December 31, 2013, primarily due to an increase in Base Management Fees. Base Management Fees were
ended December 31, 2014, an increase of $73.7 million compared to $409.3 million for the year ended December 31, 2013
increase in Fee-Earning Assets Under Management of 16% from the prior year, which was from net inflows and market a

Investment Income was $26.7 million for the year ended December 31, 2014, an increase of $8.4 million compared to $18
December 31, 2013. The increase in Investment Income was primarily driven by the year over year net appreciation of inv
Blackstone owns a share.

Performance Fees were $139.7 million for the year ended December 31, 2014, a decrease of $75.8 million compared to $2
ended December 31, 2013. This was primarily due to lower returns. The net returns of the underlying assets within the BP
5.9% during the year ended December 31, 2014.

Expenses

Expenses were $260.0 million for the year ended December 31, 2014, a decrease of $12.1 million compared to the year en
The decrease was primarily attributable to a $26.5 million decrease in Performance Fee Compensation and a $4.8 million
partially offset by a $19.2 million increase in Other Operating Expenses. Performance Fee Compensation was $42.2 millio
December 31, 2014, a decrease of $26.5 million compared to $68.6 million for the year ended December 31, 2013 due to t
Fees Revenue. Compensation was $131.7 million for the year ended December 31, 2014, a decrease of $4.8 million compa
the prior year, due to a change in the terms of Deferred Compensation Plan awards which more than offset the increase in
Operating Expenses were $86.1 million for the year ended December 31, 2014, an increase of $19.2 million compared to
ended December 31, 2013, primarily resulting from an increase in interest expense allocated to the segment as well as an i

Operating Metrics

The following table presents information regarding our Incentive Fee-Earning Assets Under Management:

	Fee-Earning Assets Under Management Eligible for Incentive Fees		
	December 31,		
	2013	2014	2015
	(Dollars in Thousands)		
BAAM Managed Funds (b)	$ 28,640,505	$ 34,732,386	$ 35,831,499

Note: Totals in graph may not add due to rounding.

(a) Estimated % Above High Water Mark/Benchmark represents the percentage of Fee-Earning Assets Under Managem
Fees that as of the dates presented would earn incentive fees when the applicable BAAM managed fund has positive
relative to a benchmark, where applicable. Incremental positive performance in the applicable Blackstone Funds ma
reach their respective High Water Mark or clear a benchmark return, thereby resulting in an increase in Estimated %
Mark/Benchmark.

(b) For the BAAM managed funds, at December 31, 2015 the incremental appreciation needed for the 19% of Fee-Earn
Management below their respective High Water Marks/Benchmarks to reach their respective High Water Marks/Be
million, an increase of $178.9 million, or 310.2%, compared to $57.7 million at December 31, 2014. Of the Fee-Ear
Management below their respective High Water Marks/Benchmarks as of December 31, 2015, 93% were within 5%
High Water Mark.

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Composite Returns

Composite returns information is included throughout this discussion and analysis to facilitate an understanding of our res
periods presented. The composite returns information reflected in this discussion and analysis is not indicative of the finan
Blackstone Group L.P. and is also not necessarily indicative of the future results of any particular fund. An investment in T
is not an investment in any of our funds or composites. There can be no assurance that any of our funds or composites or c
funds or composites will achieve similar returns.

The following table presents the return information of the BAAM Managed Funds, BAAM Principal Solutions Composite

	Average Annual R Periods End December 31,				
	One Year		Three Year		
Composite	**Gross**	**Net**	**Gross**	**Net**	**Gr**
BAAM Managed Funds, BAAM Principal Solutions Composite (b)	3%	2%	7%	6%	(

The returns presented represent those of the applicable Blackstone Funds and not those of The Blackstone Group I

(a) Composite returns present a summarized asset-weighted return measure to evaluate the overall performance of the a
Funds.

(b) BAAM s Principal Solutions Composite, formerly known as BAAM s Core Funds Composite, covers the period fr
although BAAM s inception date is September 1990. BAAM s Principal Solutions Composite does not include BA
solutions (i.e., liquid alternatives), long-only equity, long-biased commodities, ventures (i.e., seeding and minority in
opportunities (i.e., co-investments), and Senfina (direct trading) platforms except where a BPS fund invests directly
BAAM s advisory platforms and liquidating funds are also excluded. On a net of fees basis, the BPS Composite wa
2.1% for the full year. The historical return is from January 1, 2000.

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Credit

The following table presents the results of operations for our Credit segment:

	Year Ended December 31,			2015 vs. 2014	
	2015	2014	2013	$	%
			(Dollars in Thousands)		
Segment Revenues					
Management Fees, Net					
Base Management Fees	$ 500,982	$ 460,205	$ 398,158	$ 40,777	9%
Transaction and Other Fees, Net	6,371	18,161	28,586	(11,790)	-65%
Management Fee Offsets	(30,065)	(28,168)	(40,329)	(1,897)	7%
Total Management Fees, Net	477,288	450,198	386,415	27,090	6%
Performance Fees					
Realized					
Carried Interest	96,156	208,432	127,192	(112,276)	-54%
Incentive Fees	109,396	109,717	220,736	(321)	-0%
Unrealized					
Carried Interest	(198,820)	(37,913)	108,078	(160,907)	424%
Incentive Fees	(19,967)	(23,025)	1,107	3,058	-13%
Total Performance Fees	(13,235)	257,211	457,113	(270,446)	N/M
Investment Income (Loss)					
Realized	7,186	9,354	4,098	(2,168)	-23%
Unrealized	(16,258)	5,055	13,951	(21,313)	N/M
Total Investment Income (Loss)	(9,072)	14,409	18,049	(23,481)	N/M
Interest and Dividend Revenue	24,599	23,040	18,146	1,559	7%
Other	5,171	(2,310)	527	7,481	N/M
Total Revenues	484,751	742,548	880,250	(257,797)	-35%
Expenses					
Compensation and Benefits					
Compensation	190,189	188,200	186,514	1,989	1%
Performance Fee Compensation					
Realized					
Carried Interest	52,841	116,254	69,411	(63,413)	-55%
Incentive Fees	50,113	61,668	111,244	(11,555)	-19%
Unrealized					
Carried Interest	(107,000)	(28,583)	57,147	(78,417)	274%
Incentive Fees	(8,395)	(16,252)	508	7,857	-48%
Total Compensation and Benefits	177,748	321,287	424,824	(143,539)	-45%
Other Operating Expenses	93,626	90,524	96,940	3,102	3%
Total Expenses	271,374	411,811	521,764	(140,437)	-34%
Economic Income	$ 213,377	$ 330,737	$ 358,486	$ (117,360)	-35%

N/M Not meaningful.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues

Revenues were $484.8 million for the year ended December 31, 2015, which were $257.8 million lower compared to $742
ended December 31, 2014. The decrease in revenues was primarily attributable to lower Performance Fees and Investment
and $23.5 million, respectively, partially offset by an increase of $27.1 million in Total Management Fees, Net.

During the fourth quarter of 2015, the credit markets experienced widening credit spreads and significant illiquidity, partic
grade credit. In addition, energy-related issuers, which represent a significant component of the below investment grade cr
in an environment in which oil and natural gas prices have declined materially to their lowest levels in years. Performance
alternative credit strategies was negatively impacted in the fourth quarter of 2015 by the performance of our energy invest
market, underperformance in certain event-driven assets and technical pressure caused by year-end selling. In the near term
may further affect these marks. In any event, if below investment grade credit, and energy, remain depressed or subject to
conditions, revenues in our Credit segment would likely continue to be negatively impacted.

Performance Fee Losses were $13.2 million for the year ended December 31, 2015, which were $270.4 million lower com
decrease was primarily due to lower rates of appreciation in our hedge fund strategies business as well as our mezzanine a
businesses. The net returns of Blackstone s significant Credit segment funds were -5.8% for Hedge Fund Strategies, -2.2%
and -8.8% for Rescue Lending Strategies for the year ended December 31, 2015.

Investment Loss was $9.1 million for the year ended December 31, 2015, which were $23.5 million lower compared to the
was primarily due to the unrealized investment losses in hedge fund strategies, mezzanine funds and long only funds.

Total Management Fees, Net were $477.3 million for the year ended December 31, 2015, an increase of $27.1 million com
the year ended December 31, 2014. This increase was primarily attributable to the growth in Fee-Earning Assets Under M
fund strategies business and our business development companies.

Expenses

Expenses were $271.4 million for the year ended December 31, 2015, a decrease of $140.4 million compared to $411.8 m
December 31, 2014. The decrease in expenses was primarily attributable to a decrease of $145.5 million in Performance F
decrease in Performance Fee Compensation was due to lower Performance Fees Revenue.

Year Ended December 31, 2014 Compared to December 31, 2013

Revenues

Revenues were $742.5 million for the year ended December 31, 2014, which were $137.7 million lower compared to $880
ended December 31, 2013. The decrease in revenues was primarily attributable to lower Performance Fees of $199.9 milli
increase of $63.8 million in Total Management Fees, Net.

Performance Fees were $257.2 million for the year ended December 31, 2014, which were $199.9 million lower compared
decrease was primarily due to lower rates of appreciation in our hedge fund strategies business and our rescue lending bus
Blackstone s significant Credit segment funds were 0.1% for Hedge Fund Strategies, 17.6% for Mezzanine Fund Strategie
Lending Strategies for the year ended December 31, 2014.

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Total Management Fees, Net were $450.2 million for the year ended December 31, 2014, an increase of $63.8 million con
the year ended December 31, 2013. This increase was primarily attributable to the growth in Fee-Earning Assets Under M
fund strategies business and our business development companies.

Expenses

Expenses were $411.8 million for the year ended December 31, 2014, a decrease of $110.0 million compared to $521.8 m
December 31, 2013. The decrease in expenses was primarily attributable to a decrease of $105.2 million in Performance F
decrease in Performance Fee Compensation was due to lower Performance Fees Revenue.

Fund Returns

Fund return information for our significant businesses is included throughout this discussion and analysis to facilitate an u
of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicat
performance of The Blackstone Group L.P. and is also not necessarily indicative of the future results of any particular fun
Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or our oth
will achieve similar returns.

As of December 31, 2015, the Credit segment s returns reflect composite returns for funds included within each alternativ
Previously, these returns reflected only the composite returns for the flagship funds in each strategy. The historical returns
below have been updated to conform to the current presentation.

The following table presents composite return information of the segment s Hedge Fund Strategies funds:

	Average Annual Returns Periods Ended December 31, 2015				
	One Year		Three Year		Fiv Yea
Fund	Gross	Net	Gross	Net	Gross
Hedge Fund Strategies (b)	-4%	-6%	7%	4%	9%

The returns presented represent those of the applicable Blackstone Funds and not those of The Blackstone Group I

(a) Average annual returns present a summarized asset-weighted return measure to evaluate the overall performance of
Blackstone Funds.

(b) The Hedge Fund Strategies returns represent a weighted-average composite of the fee-earning funds exceeding $10
respective quarter end excluding the Blackstone Funds that were contributed to GSO as part of Blackstone s acquis
The historical returns are from August 1, 2005.

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The following table presents combined internal rates of return of the segment s Mezzanine Strategies funds and Rescue L

	Year Ended December 31,				
	2015		2014		2013
Composite (a)	**Gross**	**Net**	**Gross**	**Net**	**Gross**
Mezzanine Strategies (b)	-1%	-2%	23%	18%	26%
Rescue Lending Strategies (c)	-11%	-9%	15%	12%	33%

The returns presented herein represent those of the applicable Blackstone Funds and not those of The Blackstone C

(a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and allocations, net of tax advances.

(b) The Mezzanine Strategies returns represent the IRR of the combined cash flows of the fee-earning funds exceeding each respective quarter end excluding the Blackstone Funds that were contributed to GSO as part of Blackstone s ac 2008. The inception to date returns are from July 16, 2007.

(c) The Rescue Lending Strategies returns represent the IRR of the combined cash flows of the fee-earning funds exce value at each respective quarter end. The inception to date returns are from September 29, 2009.

As of December 31, 2015, one drawdown fund within Rescue Lending Strategies return was 1% below the Carried Interes Mezzanine Lending Strategies return, two funds representing 11.2% of the fair value included in the return were below the

Financial Advisory

The following table presents the results of operations for our Financial Advisory segment:

	Year Ended December 31,			2015 vs. 2014	
	2015	2014	2013	$	%
	(Dollars in Thousands)				
Segment Revenues					
Advisory Fees	$ 297,570	$ 398,942	$ 386,201	$ (101,372)	-25
Transaction and Other Fees, Net	162	379	415	(217)	-57
Total Advisory and Transaction Fees	297,732	399,321	386,616	(101,589)	-25
Investment Income (Loss)					
Realized	(868)	707	(1,625)	(1,575)	N/M
Unrealized	(39)	860	739	(899)	N/M
Total Investment Income (Loss)	(907)	1,567	(886)	(2,474)	N/M
Interest and Dividend Revenue	12,520	10,000	7,997	2,520	25
Other	(1,303)	428	1,450	(1,731)	N/M
Total Revenues	308,042	411,316	395,177	(103,274)	-25
Expenses					
Compensation and Benefits					
Compensation	180,917	226,837	258,284	(45,920)	-20
Other Operating Expenses	62,326	87,484	81,843	(25,158)	-29
Total Expenses	243,243	314,321	340,127	(71,078)	-23

Economic Income	$ 64,799	$ 96,995	$ 55,050	$ (32,196)	-33

N/M Not meaningful.

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As a result of the spin-off on October 1, 2015 of Blackstone s Financial Advisory business, which did not include BXCM
reclassified from the Financial Advisory segment to the Private Equity segment. All prior periods have been recast to refle
Subsequent to September 30, 2015, the former Financial Advisory segment is reporting no revenues, no expenses, and no
above is for comparative purposes only.

Liquidity and Capital Resources

General

Blackstone s business model derives revenue primarily from third party assets under management. Blackstone is not a ca
business and targets operating expense levels such that total management and advisory fees exceed total operating expens
we require limited capital resources to support the working capital or operating needs of our businesses. We draw primari
committed capital of our limited partner investors to fund the investment requirements of the Blackstone Funds and use ou
flows to invest in growth initiatives, make commitments to our own funds, where our minimum general partner commitme
5% of the limited partner commitments of a fund, and pay distributions to unitholders.

Fluctuations in our statement of financial condition result primarily from activities of the Blackstone Funds which are con
transactions, such as the issuance of senior notes described below. The majority economic ownership interests of the Blac
Redeemable Non-Controlling Interests in Consolidated Entities, Non-Controlling Interests in Consolidated Entities and A
in the Consolidated Financial Statements. The consolidation of these Blackstone Funds has no net effect on the Partnershi
Capital. Additionally, fluctuations in our statement of financial condition also include appreciation or depreciation in Blac
Blackstone Funds, additional investments and redemptions of such interests in the Blackstone Funds and the collection of
management and advisory fees.

Total assets were $22.5 billion as of December 31, 2015, down $9.0 billion from December 31, 2014. The decrease was p
in Investments of $8.4 billion. Total liabilities were $10.3 billion as of December 31, 2015, a decrease of $3.9 billion from
decrease was principally due to a decrease in Loans Payable of $2.8 billion. The decreases in total assets and total liabiliti
adoption as of January 1, 2015 of new accounting consolidation guidance which resulted in the deconsolidation of certain

For the year ended December 31, 2015, we had Total Fee Related Revenues of $2.6 billion and related expenses of $1.6 b
Related Earnings of $935.6 million and Distributable Earnings of $3.8 billion.

Sources of Liquidity

We have multiple sources of liquidity to meet our capital needs, including annual cash flows, accumulated earnings in the
our own Treasury and liquid funds and access to our debt capacity, including our $1.1 billion committed revolving credit f
from our 2009, 2010, 2012, 2014 and 2015 issuances of senior notes. As of December 31, 2015, Blackstone had $1.8 billi
invested in Blackstone s Treasury Cash Management Strategies, $159.8 million invested in liquid Blackstone Funds, $1.9
Blackstone Funds and $129.5 million invested in other investments, against $2.8 billion in borrowings from our bond issu
outstanding under our revolving credit facility.

On April 27, 2015, Blackstone issued $350 million in aggregate principal amount of 4.450% senior notes which will matu

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On May 19, 2015, Blackstone issued 300 million in aggregate principal amount of 2.000% senior notes which will matur

In addition to the cash we received from our debt offerings and availability under our committed revolving credit facility,
generated from operating activities, (b) Carried Interest and incentive income realizations, and (c) realizations on the carry
that we make. The amounts received from these three sources in particular may vary substantially from year to year and qu
on the frequency and size of realization events or net returns experienced by our investment funds. Our available capital co
there are prolonged periods of few substantial realizations from our investment funds accompanied by substantial capital c
from those investment funds. Therefore, Blackstone s commitments to our funds are taken into consideration when manag
cash position.

We use Distributable Earnings, which is derived from our segment reported results, as a supplemental non-GAAP measure
amounts available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited p
Holdings Partnerships. Distributable Earnings is intended to show the amount of net realized earnings without the effects o
Blackstone Funds. Distributable Earnings is derived from and reconciled to, but not equivalent to, its most directly compar
Income (Loss) Before Provision for Taxes. Distributable Earnings, which is a component of Economic Net Income, is the
(a) Total Management and Advisory Fees, (b) Interest and Dividend Revenue, (c) Other Revenue, (d) Realized Performan
Investment Income (Loss); less (a) Compensation, excluding the expense of equity-based awards, (b) Realized Performanc
(c) Other Operating Expenses, and (d) Taxes and Related Payables including the Payable Under Tax Receivable Agreeme

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The following table calculates Blackstone s Fee Related Earnings, Distributable Earnings and Economic Net Income:

(a) Represents the total segment amounts of the respective captions. See Note 21. Segment Reporting in the Notes t
Statements in Item 8. Financial Statements and Supplementary Data of this filing.

(b) Detail on this amount is included in the table below.

(c) Represents the current tax provision calculated on Income (Loss) Before Provision (Benefit) for Taxes and the Payal
Agreement.

(d) Represents equity-based award expense included in Economic Income.

(e) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of T

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The following calculates the components of Fee Related Earnings, Distributable Earnings and Economic Net Income in th
note (b):

(a) Represents the total segment amounts of the respective captions. See Note 21. Segment Reporting in the Notes t
Statements in Item 8. Financial Statements and Supplementary Data of this filing.
(b) Represents equity-based award expense included in Economic Income, which excludes all transaction-related equity
(c) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision
Income (Loss) Before Provision (Benefit) for Taxes and the Payable Under Tax Receivable Agreement.
(d) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of T

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The following table is a reconciliation of Net Income Attributable to The Blackstone Group L.P. to Economic Income, of I
Economic Net Income, of Economic Net Income to Fee Related Earnings, of Fee Related Earnings to Distributable Earnin
Earnings to Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization:

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(a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related C principally equity-based compensation charges associated with Blackstone s initial public offering and long-term re 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 I 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 Ass Non-Controlling Interests of Consolidated Entities and includes the amount of Management Fee Revenues associate Entities.
(d) Taxes represent the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) 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 sharin Performance Fees.
(i) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone thereto. Equals the sum of Net Realized Incentive Fee and Net Realized Carried Interest.
(j) Represents the adjustment for Blackstone s Investment Income (Loss) Realized.
(k) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the current tax provision Income (Loss) Before Provision (Benefit) 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.

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Liquidity Needs

We expect that our primary liquidity needs will be cash to (a) provide capital to facilitate the growth of our existing busine
includes funding our general partner and co-investment commitments to our funds, (b) provide capital to facilitate our exp
that are complementary, (c) pay operating expenses, including cash compensation to our employees and other obligations
modest capital expenditures, (e) repay borrowings and related interest costs, (f) pay income taxes, and (g) make distributio
holders of Blackstone Holdings Partnership Units. Our own capital commitments to our funds, the funds we invest in and
of December 31, 2015 consisted of the following:

	Blackstone and General Partner		S
Fund	**Original Commitment**	**Remaining Commitment**	**C Co**
		(Dollars in Thous	
Private Equity			
BCP VII	$ 500,000	$ 500,000	$
BCP VI	719,718	186,033	
BCP V	629,356	40,519	
BEP I	50,000	5,460	
BEP II	80,000	80,000	
Tactical Opportunities	227,060	113,985	
Strategic Partners	170,316	113,019	
Other (b)	216,362	20,971	
Real Estate Funds			
BREP VIII	300,000	241,722	
BREP VII	300,000	56,048	
BREP VI	750,000	38,840	
BREP Europe III	100,000	13,231	
BREP Europe IV	130,000	38,268	
BREP Asia	50,392	23,424	
BREDS II	50,000	26,693	
CT Opportunity Partners I (b)	25,000	23,410	
Other (c)	149,201	32,206	
Hedge Fund Solutions			
Strategic Alliance	50,000	2,033	
Strategic Alliance II	50,000	1,482	
Strategic Alliance III	2,000	2,000	
Strategic Holdings LP	50,000	45,847	
Other (c)	800	611	
Credit			
Capital Opportunities Fund II L.P.	120,000	98,356	
GSO Capital Solutions II	125,000	56,334	
Blackstone/GSO Capital Solutions	50,000	9,462	
BMezz II	17,692	3,085	
GSO Credit Alpha Fund LP	52,102	34,852	
GSO Euro Senior Debt Fund LP	63,000	59,842	
GSP Energy Select Opportunities Fund	80,000	73,750	
Other (c)	87,631	43,454	
Other			
Treasury	38,417	9,534	
Total	$ 5,234,047	$ 1,994,471	$ 1

(a) For some of the general partner commitments shown in the table above we require our senior managing directors anc to fund a portion of the commitment even though the ultimate obligation to fund the aggregate commitment is ours p agreements of the respective

funds. The amounts of the aggregate applicable general partner original and remaining commitment are shown in th certain senior managing directors and other professionals are required to fund a de minimis amount of the commitm equity, real estate and credit-focused carry funds. We expect our commitments to be drawn down over time and to b and cash generated from operations and realizations. Taking into account prevailing market conditions and both the investment balances, we believe that the sources of liquidity described above will be more than sufficient to fund ou requirements.

(b) Represents a legacy fund managed by us as a result of the 2012 acquisition of the investment advisory business of B

(c) Represents capital commitments to a number of other funds in each respective segment.

Blackstone, through indirect subsidiaries, has a $1.1 billion unsecured revolving credit facility (the Credit Facility) wit Administrative Agent with a maturity date of May 29, 2019. Borrowings may also be made in U.K. sterling, euros, Swiss each case subject to certain sub-limits. The Credit Facility contains customary representations, covenants and events of de consist of a maximum net leverage ratio and a requirement to keep a minimum amount of fee-earning assets under manag

In August 2009, Blackstone Holdings Finance Co. L.L.C. issued $600 million in aggregate principal amount of 6.625% Se mature on August 15, 2019, unless earlier redeemed or repurchased. In September 2010, Blackstone Holdings Finance Co in aggregate principal amount of 5.875% Senior Notes which will mature on March 15, 2021, unless earlier redeemed or r Blackstone Holdings Finance Co. L.L.C. issued $400 million in aggregate principal amount of 4.75% Senior Notes which 2023 and $250 million in aggregate principal amount of 6.25% Senior Notes which will mature on August 15, 2042. In A Holdings Finance Co. L.L.C. issued $500 million in aggregate principal amount of 5.000% Senior Notes which will matu earlier redeemed or repurchased. In April 2015, Blackstone Holdings Finance Co. L.L.C. issued $350 million in aggregate Senior Notes which will mature on July 15, 2045, unless earlier redeemed or repurchased. In May 2015, Blackstone Hold issued 300 million in aggregate principal amount of 2.000% Senior Notes which will mature on May 19, 2025, unless ea (These Senior Notes are collectively referred to as the Notes .) The Notes are unsecured and unsubordinated obligations Finance Co. L.L.C. and are fully and unconditionally guaranteed, jointly and severally, by The Blackstone Group L.P. and Holdings Partnerships. The Notes contain customary covenants and financial restrictions that, among other things, limit B Co. L.L.C. and the guarantors ability, subject to certain exceptions, to incur indebtedness secured by liens on voting stoc interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The Notes also contain customary even of the Notes may be redeemed at our option, in whole or in part, at any time and from time to time, prior to their stated m redemption price set forth in the Notes. If a change of control repurchase event occurs, the Notes are subject to repurchase set forth in the Notes.

In January 2008, the Board of Directors of our general partner, Blackstone Group Management L.L.C., authorized the rep million of our common units and Blackstone Holdings Partnership Units. Under this unit repurchase program, units may b time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of B Blackstone Holdings Partnership Units repurchased will depend on a variety of factors, including legal requirements, pric conditions. This unit repurchase program may be suspended or discontinued at any time and does not have a specified exp ended December 31, 2015, no units were repurchased. As of December 31, 2015, the amount remaining under this progra was $335.8 million.

Distributions

Distributable Earnings, which is derived from Blackstone s segment reported results, is a supplemental measure to assess available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners Partnerships. Distributable

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Earnings is intended to show the amount of net realized earnings without the effects of the consolidation of the Blackstone
Earnings, which is a component of Economic Net Income, is the sum across all segments of: (a) Total Management and A
and Dividend Revenue, (c) Other Revenue, (d) Realized Performance Fees, and (e) Realized Investment Income (Loss); le
excluding the expense of equity-based awards, (b) Realized Performance Fee Compensation, (c) Other Operating Expense
Payables Including the Payable Under Tax Receivable Agreement.

Our intention is to distribute quarterly to common unitholders approximately 85% of The Blackstone Group L.P. s share
subject to adjustment by amounts determined by Blackstone s general partner to be necessary or appropriate to provide fo
to make appropriate investments in its business and funds, to comply with applicable law, any of its debt instruments or ot
provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders fo
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 discr
and our general partner may change our distribution policy at any time, including, without limitation, to reduce the quarter
our common unitholders or even to eliminate such distributions entirely.

Because the subsidiaries of The Blackstone Group L.P. must pay taxes and make payments under the tax receivable agree
ultimately distributed by The Blackstone Group L.P. to its common unitholders in respect of each fiscal year are expected
basis, than the amounts distributed by the Blackstone Holdings Partnerships to the Blackstone personnel and others who a
Blackstone Holdings Partnerships in respect of their Blackstone Holdings Partnership Units.

The following chart shows fiscal quarterly and annual per common unitholder distributions for 2013, 2014 and 2015. Distr
paid in the quarter subsequent to the quarter in which they are earned.

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With respect to fiscal year 2015, we have paid to common unitholders distributions of $0.89, $0.74, $0.49 and $0.61 per c
first, second, third and fourth quarters, respectively, aggregating $2.73 per common unit. With respect to fiscal years 2014
aggregate common unitholder distributions of $2.12 per common unit and $1.34 per common unit, respectively.

With respect to fiscal year 2015, we have paid to the Blackstone personnel and others who are limited partners of the Blac
Partnerships distributions of $0.90, $0.74, $0.49 and $0.65 per Blackstone Holdings Partnership Unit in respect of the first
quarters, respectively, aggregating $2.78 per Blackstone Holdings Partnership Unit. With respect to fiscal years 2014 and
distributions of $2.46 per Blackstone Holdings Partnership Unit and $1.52 per Blackstone Holdings Partnership Unit, resp

Leverage

We may under certain circumstances use leverage opportunistically and over time to create the most efficient capital struc
public common unitholders. In addition to the borrowings from our bond issuances and our revolving credit facility, our T
Strategies may use reverse repurchase agreements, repurchase agreements and securities sold, not yet purchased. All of th
separately managed portfolio. Reverse repurchase agreements are entered into primarily to take advantage of opportunisti
the overnight markets and also to use the collateral received to cover securities sold, not yet purchased. Repurchase agreer
primarily to opportunistically yield higher spreads on purchased securities. The balances held in these financial instrument
Blackstone s liquidity needs, market conditions and investment risk profiles.

Generally our private equity funds, real estate funds, funds of hedge funds and credit-focused funds have not utilized subs
level other than for (a) short-term borrowings between the date of an investment and the receipt of capital from the investi
(b) long-term borrowings for certain investments in aggregate amounts which are generally 2% to 20% of the capital com
fund. Our carry funds make direct or indirect investments in companies that utilize leverage in their capital structure. The
varies among portfolio companies.

Certain of our Real Estate debt hedge funds, Hedge Fund Solutions and Credit funds use leverage in order to obtain additi
enhance returns on invested capital and/or to bridge short-term cash needs. The forms of leverage primarily employed by t
purchasing securities on margin, utilizing collateralized financing and using derivative instruments.

The following table presents information regarding these financial instruments in our Consolidated Statements of Financia

	Reverse Repurchase Agreements	Repurchase Agreements
	(Dollars in Millions)	
Balance, December 31, 2015	$ 204.9	$ 40.9
Balance, December 31, 2014	$	$ 29.9
Year Ended December 31, 2015		
Average Daily Balance	$ 92.9	$ 61.9
Maximum Daily Balance	$ 236.2	$ 147.2

Critical Accounting Policies

We prepare our Consolidated Financial Statements in accordance with GAAP. In applying many of these accounting princ
assumptions, estimates and/or judgments that affect the reported amounts of

assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments or
other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments
subjective. Actual results may be affected negatively based on changing circumstances. If actual amounts are ultimately di
the revisions are included in our results of operations for the period in which the actual amounts become known. We belie
accounting policies could potentially produce materially different results if we were to change underlying assumptions, est
(See Note 2. Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements in I
Supplementary Data of this filing.)

Principles of Consolidation

The Partnership consolidates all entities that it controls through a majority voting interest or otherwise, including those Bl
general partner has a controlling financial interest. The Partnership has a controlling interest in Blackstone Holdings becau
not have the right to dissolve the partnerships or have substantive kick out rights or participating rights that would overcor
control by the Partnership. Accordingly, the Partnership consolidates Blackstone Holdings and records non-controlling int
economic interests of the limited partners of Blackstone Holdings.

In addition, the Partnership consolidates all variable interest entities (VIE) in which it is the primary beneficiary. An en
primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to
VIE that most significantly impact the entity s economic performance and (b) the obligation to absorb losses of the entity
benefits from the entity that could potentially be significant to the VIE. The consolidation guidance requires an analysis to
entity in which the Partnership holds a variable interest is a VIE and (b) whether the Partnership s involvement, through h
indirectly in the entity or contractually through other variable interests (for example, management and performance relatec
controlling financial interest. Performance of that analysis requires the exercise of judgment.

The Partnership determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a variable i
reconsiders that conclusion continually. In evaluating whether the Partnership is the primary beneficiary, Blackstone evalu
in the entity held either directly or indirectly by the Partnership. The consolidation analysis can generally be performed qu
not readily apparent that the Partnership is not the primary beneficiary, a quantitative analysis may also be performed. Inve
(either by the Partnership, affiliates of the Partnership or third parties) or amendments to the governing documents of the r
could affect an entity s status as a VIE or the determination of the primary beneficiary. At each reporting date, the Partner
primary beneficiary and will consolidate or deconsolidate accordingly.

Assets of consolidated VIEs that can only be used to settle obligations of the consolidated VIE and liabilities of a consolid
(or beneficial interest holders) do not have recourse to the general credit of Blackstone are presented in a separate section i
Statements of Financial Condition.

Revenue Recognition

Revenues primarily consist of management and advisory fees, performance fees, investment income, interest and dividend
refer to Part I. Item 1. Business Incentive Arrangements / Fee Structure for additional information regarding the mann
Fees and Performance Fees are generated.

Management and Advisory Fees, Net Management and Advisory Fees, Net are comprised of management fees, including
transaction and other fees, advisory fees and management fee reductions and offsets.

The Partnership earns base management fees from limited partners of funds in each of its managed funds, at a fixed percer
management, net asset value, total assets, committed capital or invested capital, or in some cases, a fixed fee. Base manag
based on contractual terms specified in the underlying investment advisory agreements. The range of management fee rate
from which they are earned, generally, are as follows:

On private equity, real estate, and certain credit-focused funds:

- 0.25% to 2.00% of committed capital or invested capital during the investment period,
- 0.25% to 1.75% of invested capital or investment fair value subsequent to the investment period for private eq
and
- 1.00% to 1.50% of invested capital or net asset value subsequent to the investment period for certain credit-fo

On real estate and credit-focused funds structured like hedge funds:

- 1.50% of net asset value.

On credit-focused separately managed accounts:

- 0.35% to 1.35% of net asset value.

On real estate separately managed accounts:

- 0.50% to 2.00% of invested capital, net operating income or net asset value.

On funds of hedge funds and separately managed accounts invested in hedge funds:

- 0.50% to 1.25% of net asset value.

On CLO vehicles:

- 0.40% to 0.65% of total assets.

On credit-focused registered and non-registered investment companies:

- 0.35% to 1.50% of fund assets or net asset value.

The investment adviser of BXMT receives annual management fees based upon 1.50% of BXMT s net proceeds received
accumulated core earnings (which is generally equal to its GAAP net income excluding certain non-cash and other iten
adjustments.

Transaction and other fees (including monitoring fees) are fees charged directly to managed funds and portfolio companie
agreements generally require that the investment adviser reduce the amount of management fees payable by the limited pa
(management fee reductions) by an amount equal to a portion of the transaction and other fees directly paid to the Partn
companies. The amount of the reduction varies by fund, the type of fee paid by the portfolio company and the previously i
fund.

Management fee offsets are reductions to management fees payable by the limited partners of the Blackstone Funds, whicl
amount such limited partners reimburse the Blackstone Funds for placement fees.

Advisory fees consist of advisory retainer and transaction-based fee arrangements related to financial and strategic advisor
reorganization advisory services, capital markets services and fund

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placement services for alternative investment funds. Advisory retainer fees are recognized when services for the transactio accordance with terms set forth in individual agreements. Transaction-based fees are recognized when (a) there is evidenc client, (b) agreed upon services have been provided, (c) fees are fixed or determinable, and (d) collection is reasonably ass are recognized as earned upon the acceptance by a fund of capital or capital commitments.

Accrued but unpaid Management and Advisory Fees, net of management fee reductions and management fee offsets, as of included in Accounts Receivable or Due from Affiliates in the Consolidated Statements of Financial Condition. Managem partners to the Blackstone Funds and passed on to Blackstone are not considered affiliate revenues.

Performance Fees Performance Fees earned on the performance of Blackstone s hedge fund structures (Incentive Fee performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance v out in each hedge fund s governing agreements. Accrued but unpaid Incentive Fees charged directly to investors in Black as of the reporting date are recorded within Due from Affiliates in the Consolidated Statements of Financial Condition. Ac Fees on onshore funds as of the reporting date are reflected in Investments in the Consolidated Statements of Financial Co realized at the end of a measurement period, typically annually. Once realized, such fees are not subject to clawback or rev

In certain fund structures, specifically in private equity, real estate and certain Hedge Fund Solutions and credit-focused fu performance fees (Carried Interest) are allocated to the general partner based on cumulative fund performance to date, s limited partners. At the end of each reporting period, the Partnership calculates the Carried Interest that would be due to th pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespectiv have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make a recorded as Carried Interest to reflect either (a) positive performance resulting in an increase in the Carried Interest allocat (b) negative performance that would cause the amount due to the Partnership to be less than the amount previously recogn a negative adjustment to Carried Interest allocated to the general partner. In each scenario, it is necessary to calculate the C cumulative results compared to the Carried Interest recorded to date and make the required positive or negative adjustmen record negative Carried Interest allocations once previously recognized Carried Interest allocations for such fund have bee Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Carried Interest over but unpaid Carried Interest as of the reporting date is reflected in Investments in the Consolidated Statements of Financial

Carried Interest is realized when an underlying investment is profitably disposed of and the fund s cumulative returns are return or, in limited instances, after certain thresholds for return of capital are met. Carried Interest is subject to clawback t Interest received to date exceeds the amount due to Blackstone based on cumulative results. As such, the accrual for poten received Carried Interest, which is a component of Due to Affiliates, represents all amounts previously distributed to Blacl non-controlling interest holders that would need to be repaid to the Blackstone Funds if the Blackstone Carry Funds were t current fair value of the underlying funds investments as of the reporting date. The actual clawback liability, however, ge realized until the end of a fund s life except for certain funds, including certain Blackstone real estate funds, multi-asset c credit-focused funds, which may have an interim clawback liability.

Investment Income (Loss) Investment Income (Loss) represents the unrealized and realized gains and losses on the Partn including its investments in Blackstone Funds that are not consolidated, its equity method investments, and other principal Income (Loss) is realized when the Partnership redeems all or a portion of its investment or when the Partnership receives

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dividends or distributions. Unrealized Investment Income (Loss) results from changes in the fair value of the underlying i
reversal of unrealized gain (loss) at the time an investment is realized.

Interest and Dividend Revenue Interest and Dividend Revenue comprises primarily interest and dividend income earned
by Blackstone.

Other Revenue Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on trans
currencies other than U.S. dollars.

Expenses

Our expenses include compensation and benefits expense and general and administrative expenses. Our accounting polici
follows:

Compensation and Benefits Compensation Compensation and Benefits consists of (a) employee compensation, comp
benefits paid and payable to employees and senior managing directors and (b) equity-based compensation associated with
awards to employees and senior managing directors. Compensation cost relating to the issuance of equity-based awards to
and employees is measured at fair value at the grant date, taking into consideration expected forfeitures, and expensed ove
straight-line basis, except in the case of (a) equity-based awards that do not require future service, which are expensed im
awards to recipients that meet specified criteria making them eligible for retirement treatment (allowing such recipient to
awards upon departure from Blackstone after becoming eligible for retirement), for which the expense for the portion of t
retained in the event of retirement is either expensed immediately or amortized to the retirement date. Cash settled equity-
as liabilities and are remeasured at the end of each reporting period.

Compensation and Benefits Performance Fee Performance Fee Compensation consists of Carried Interest (which may
in-kind) and Incentive Fee allocations, and may in future periods also include allocations of investment income from Blac
employees and senior managing directors participating in certain profit sharing initiatives. Such compensation expense is
negative adjustments. Unlike Carried Interest and Incentive Fees, compensation expense is based on the performance of i
by a fund rather than on a fund by fund basis. Compensation received from advisory clients in the form of securities of su
allocated to employees and senior managing directors.

Fair Value of Financial Instruments

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability
instruments at fair value. Market price observability is affected by a number of factors, including the type of financial inst
specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactio
participants. Financial instruments with readily available quoted prices in active markets generally will have a higher deg
observability and a lesser degree of judgment used in measuring fair value.

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

Level I Quoted prices are available in active markets for identical financial instruments as of the reporting d
instruments in Level I include listed equities, listed derivatives and mutual funds with quoted prices. The Part
quoted price for these investments, even in situations where Blackstone holds a large position and a sale could
quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly
date, and fair value is determined through the use of models or other valuation methodologies. Financial instru
included in this category include corporate bonds and loans, including corporate bonds and loans held within
and agency securities, less liquid and restricted equity securities, and certain over-the-counter derivatives whe
observable inputs. Upon adoption of the new CLO measurement guidance adopted as of January 1, 2015, seni
issued by CLO vehicles are classified within Level II of the fair value hierarchy.

Level III Pricing inputs are unobservable for the financial instruments and includes situations where there is
for the financial instrument. The inputs into the determination of fair value require significant management ju
Financial instruments that are included in this category generally include general and limited partnership inter
real estate funds, credit-focused funds, distressed debt and non-investment grade residual interests in securitiz
bonds and loans held within CLO vehicles, and certain over-the-counter derivatives where the fair value is bas
For periods prior to the adoption of new CLO measurement guidance, senior and subordinate notes issued by
within Level III of the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such case
which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest leve
to the fair value measurement. The Partnership s assessment of the significance of a particular input to the fair value mea
requires judgment and considers factors specific to the financial instrument.

Transfers between levels of the fair value hierarchy are recognized at the beginning of the reporting period.

Level II Valuation Techniques

Financial instruments classified within Level II of the fair value hierarchy comprise debt instruments, including certain co
by Blackstone s consolidated CLO vehicles, those held within Blackstone s Treasury Cash Management Strategies and d
purchased and interests in investment funds. Certain equity securities and derivative instruments valued using observable i
Level II.

The valuation techniques used to value financial instruments classified within Level II of the fair value hierarchy are as fo

Debt Instruments and Equity Securities are valued on the basis of prices from an orderly transaction between
by reputable dealers or pricing services. In determining the value of a particular investment, pricing services m
with respect to transactions in such investments, quotations from dealers, pricing matrices and market transact
investments and various relationships between investments. The valuation of certain equity securities is based
an identical security adjusted for the effect of a restriction.

Freestanding Derivatives are valued using contractual cash flows and observable inputs comprising yield curv
and credit spreads.

Upon adoption of the new CLO measurement guidance adopted January 1, 2015, senior and subordinate notes
vehicles are classified based on the more observable fair value of CLO assets less (a) the fair value of any ben
held by Blackstone, and (b) the carrying value of any beneficial interests that represent compensation for servi

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Level III Valuation Techniques

In the absence of observable market prices, Blackstone values its investments using valuation methodologies applied on a
investments little market activity may exist; management s determination of fair value is then based on the best informati
circumstances, and may incorporate management s own assumptions and involves a significant degree of judgment, takin
combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity
market prices are not observable include private investments in the equity of operating companies, real estate properties, c
and credit-focused investments.

Private Equity Investments The fair values of private equity investments are determined by reference to projected net ea
interest, taxes, depreciation and amortization (EBITDA), the discounted cash flow method, public market or private tra
comparable companies and other measures which, in many cases, are based on unaudited information at the time received.
by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key p
investee company, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or tr
management for differences between the investment and the referenced comparables, and in some instances by reference t
other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to EBITDA
multiples.

Real Estate Investments The fair values of real estate investments are determined by considering projected operating cas
assets, if any, and replacement costs among other measures. The methods used to estimate the fair value of real estate inve
discounted cash flow method and/or capitalization rates (cap rates) analysis. Valuations may be derived by reference to
for comparable companies or assets (for example, multiplying a key performance metric of the investee company or asset,
relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for
investment and the referenced comparables, and in some instances by reference to option pricing models or other similar n
cash flow method is used, a terminal value is derived by reference to an exit EBITDA multiple or capitalization rate. Addi
projected distributable cash flow through debt maturity will be considered in support of the investment s fair value.

Credit-Focused Investments The fair values of credit-focused investments are generally determined on the basis of price
provided by reputable dealers or pricing services. In some instances, Blackstone may utilize other valuation techniques, in
flow method or a market approach.

Credit-Focused Liabilities Credit-focused liabilities comprise senior and subordinate loans issued by Blackstone s cons
liabilities are valued using a discounted cash flow method. On the adoption of new accounting guidance as of January 1, 2
permitted measurement alternative, such liabilities are valued based on the more observable fair value of related assets hel
(a) the fair value of any beneficial interests held by Blackstone and (b) the carrying value of any beneficial interest that rep
services.

Level III Valuation Process

Investments classified within Level III of the fair value hierarchy are valued on a quarterly basis, taking into consideration
weighted-average cost of capital assumptions, discounted cash flow projections and exit multiple assumptions, as well as a
other relevant conditions, and valuation models are updated accordingly. The valuation process also includes a review by a
party, at least annually for all investments, and quarterly for certain investments, to corroborate the values determined by r
of Blackstone s investments are reviewed quarterly by a valuation

committee chaired by Blackstone s Vice Chairman and includes senior heads of each of Blackstone s businesses, as well
finance. Each quarter, the valuations of Blackstone s investments are also reviewed by the Audit Committee in a meeting
the valuation committee. The valuations are further tested by comparison to actual sales prices obtained on disposition of t

Investments, at Fair Value

The Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accour
Auditing Guide, *Investment Companies*, and reflect their investments, including majority-owned and controlled investmen
Companies), at fair value. Such consolidated funds investments are reflected in Investments on the Consolidated Staten
fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of Net Gains (Lo
Activities in the Consolidated Statements of Operations. Fair value is the amount that would be received to sell an asset or
in an orderly transaction between market participants at the measurement date (i.e., the exit price).

Blackstone s principal investments are presented at fair value with unrealized appreciation or depreciation and realized ga
the Consolidated Statements of Operations within Investment Income (Loss).

For certain instruments, the Partnership has elected the fair value option. Such election is irrevocable and is applied on an
basis at initial recognition. The Partnership has applied the fair value option for certain loans and receivables and certain in
securities that otherwise would not have been carried at fair value with gains and losses recorded in net income. Accountin
instruments at fair value is consistent with how the Partnership accounts for its other principal investments. Loans extende
recorded within Accounts Receivable within the Consolidated Statements of Financial Condition. Debt securities for whic
been elected are recorded within Investments. The methodology for measuring the fair value of such investments is consis
applied to private equity, real estate, credit-focused and funds of hedge funds investments. Changes in the fair value of suc
recognized in Investment Income (Loss) in the Consolidated Statements of Operations. Interest income on interest bearing
debt securities on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of
amortization of purchase premiums. This interest income is recorded within Interest and Dividend Revenue.

In addition, the Partnership has elected the fair value option for the assets and liabilities of CLO vehicles that are consolida
as a result of the initial adoption of variable interest entity consolidation guidance. The Partnership has also elected the fai
vehicles consolidated as a result of the acquisitions of CLO management contracts or the acquisition of the share capital of
Historically, the adjustment resulting from the difference between the fair value of assets and liabilities for each of these e
transition and acquisition adjustment to Appropriated Partners Capital. Assets of the consolidated CLOs are presented wi
Consolidated Statements of Financial Condition and Liabilities within Loans Payable for the amounts due to unaffiliated th
Affiliates for the amounts held by non-consolidated affiliates. Changes in the fair value of consolidated CLO assets and lia
dividend and other income subsequent to adoption and acquisition are presented within Net Gains (Losses) from Fund Inv
of consolidated CLO vehicles are presented in Fund Expenses. Historically, amounts attributable to Non-Controlling Inter
had a corresponding adjustment to Appropriated Partners Capital. On the adoption of the new CLO measurement guidan
amounts to Non-Controlling Interests and no corresponding adjustments to Appropriated Partners Capital.

The Partnership has elected the fair value option for certain proprietary investments that would otherwise have been accou
method of accounting. The fair value of such investments is based on quoted prices in an active market or using the discou
Changes in fair value are recognized in Investment Income (Loss) in the Consolidated Statements of Operations.

Further disclosure on instruments for which the fair value option has been elected is presented in Note 7. Fair Value Opti
Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Data of this filing.

The investments of consolidated Blackstone Funds in funds of hedge funds (Investee Funds) are valued at net asset valu
Investee Fund. In limited circumstances, the Partnership may determine, based on its own due diligence and investment pr
share does not represent fair value. In such circumstances, the Partnership will estimate the fair value in good faith and in a
chooses, in accordance with the requirements of GAAP.

Certain investments of Blackstone and of the consolidated Blackstone funds of hedge funds and credit-focused funds meas
underlying funds at fair value using NAV per share without adjustment. The terms of the investee s investment generally
periods or lock-ups, the institution of gates on redemptions or the suspension of redemptions or an ability to side pocket in
of the investee s fund manager, and as a result, investments may not be redeemable at, or within three months of, the repo
used by hedge funds and funds of hedge funds to separate investments that may lack a readily ascertainable value, are illiq
liquidity restriction. Redemptions are generally not permitted until the investments within a side pocket are liquidated or it
conditions existing at the time that required the investment to be included in the side pocket no longer exist. As the timing
uncertain, the timing at which the Partnership may redeem an investment held in a side pocket cannot be estimated. Furthe
for which fair value is measured using NAV per share is presented in Note 5. Net Asset Value as Fair Value in the No
Statements in Item 8. Financial Statements and Supplementary Data of this filing.

Intangibles and Goodwill

Blackstone s intangible assets consist of contractual rights to earn future fee income, including management and advisory
Carried Interest. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful
years, reflecting the contractual lives of such assets. Amortization expense is included within General, Administrative and
Statements of Operations. The Partnership does not hold any indefinite-lived intangible assets. Intangible assets are review
events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill comprises goodwill arising from the contribution and reorganization of the Partnership s predecessor entities in
IPO, the acquisition of GSO in 2008 and the acquisition of Strategic Partners in 2013. Goodwill is reviewed for impairmen
a qualitative or quantitative approach, and more frequently if circumstances indicate impairment may have occurred. The i
goodwill under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not t
Blackstone s operating segments is less than their respective carrying values. The operating segment is the reporting level
goodwill. If it is determined that it is more likely than not that an operating segment s fair value is less than its carrying va
approach is used, a two-step quantitative assessment is performed to (a) calculate the fair value of the operating segment a
value, and (b) if the carrying value exceeds its fair value, to measure an impairment loss.

Management has organized the firm into four operating segments. All of the components in each segment have similar eco
management makes key operating decisions based on the performance of each segment. Therefore, we believe that operati
appropriate reporting level for testing the impairment of goodwill.

The carrying value of goodwill was $1.7 billion and $1.8 billion as of December 31, 2015 and 2014, respectively. At Dece
determined there was no evidence of Goodwill impairment.

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Off-Balance Sheet Arrangements

In the normal course of business, we enter into various off-balance sheet arrangements including sponsoring and owning li
interests in consolidated and non-consolidated funds, entering into derivative transactions, entering into operating leases, a
arrangements. We also have ongoing capital commitment arrangements with certain of our consolidated and non-consolid
do not have any off-balance sheet arrangements that would require us to fund losses or guarantee target returns to investor

Further disclosure on our off-balance sheet arrangements is presented in the Notes to Consolidated Financial Statements
Statements and Supplementary Data of this filing as follows:

- Note 6. Derivative Financial Instruments ,
- Note 9. Variable Interest Entities , and
- Note 18. Commitments and Contingencies Commitments, Operating Leases; Commitments, Investment
Contingencies, Guarantees.

Recent Accounting Developments

Information regarding recent accounting developments and their impact on Blackstone can be found in Note 2. Summary
Policies in the Notes to Consolidated Financial Statements in Item 8. Financial Statements and Supplementary Da

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Contractual Obligations, Commitments and Contingencies

The following table sets forth information relating to our contractual obligations as of December 31, 2015 on a consolidate
deconsolidating the Blackstone Funds:

Contractual Obligations	2016	2017-2018	2019-2020
		(Dollars in Thousand	
Operating Lease Obligations (a)	$ 75,076	$ 146,836	$ 130,986
Purchase Obligations	23,748	20,574	4,333
Blackstone Issued Notes and Revolving Credit Facility (b)			585,000
Interest on Blackstone Issued Notes and Revolving Credit Facility (c)	147,458	288,032	249,276
Blackstone Funds and CLO Vehicles Debt Obligations Payable (d)	4,453	519,318	
Interest on Blackstone Funds and CLO Vehicles Debt Obligations Payable (e)	75,651	137,702	131,874
Blackstone Funds Capital Commitments to Investee Funds (f)	48,633		
Due to Certain Non-Controlling Interest Holders in Connection with Tax Receivable Agreements (g)	72,766	142,208	182,566
Unrecognized Tax Benefits, Including Interest and Penalties (h)	5,630		
Blackstone Operating Entities Capital Commitments to Blackstone Funds and Other (i)	1,994,471		
Consolidated Contractual Obligations	2,447,886	1,254,670	1,284,035
Blackstone Funds and CLO Vehicles Debt Obligations Payable (d)	(4,453)	(519,318)	
Interest on Blackstone Funds and CLO Vehicles Debt Obligations Payable (e)	(75,651)	(137,702)	(131,874)
Blackstone Funds Capital Commitments to Investee Funds (f)	(48,633)		
Blackstone Operating Entities Contractual Obligations	$ 2,319,149	$ 597,650	$ 1,152,161

(a) We lease our primary office space under agreements that expire through 2032. In connection with certain lease agre
responsible for escalation payments. The contractual obligation table above includes only guaranteed minimum leas
leases and does not project potential escalation or other lease-related payments. These leases are classified as operat
financial statement purposes and as such are not recorded as liabilities on the Consolidated Statements of Financial C
amounts are presented net of contractual sublease commitments.

(b) Represents the principal amount due on the senior notes we issued. As of December 31, 2015, we had no outstandin
revolver.

(c) Represents interest to be paid over the maturity of our senior notes and borrowings under our revolving credit facilit
assuming no pre-payments are made and debt is held until its final maturity date. These amounts exclude commitme
borrowings under our revolver.

(d) These obligations are those of the Blackstone Funds including the consolidated CLO vehicles.

(e) Represents interest to be paid over the maturity of the related consolidated Blackstone Funds and CLO vehicles d
calculated assuming no pre-payments will be made and debt will be held until its final maturity date. The future inte
using variable rates in effect as of

December 31, 2015, at spreads to market rates pursuant to the financing agreements, and range from 0.33% to 7.00%
borrowings are due on demand and for purposes of this schedule are assumed to mature within one year. Interest on
borrowings rolls over into the principal balance at each reset date.

(f) These obligations represent commitments of the consolidated Blackstone Funds to make capital contributions to inve
companies. These amounts are generally due on demand and are therefore presented in the less than one year catego

(g) Represents obligations by the Partnership s corporate subsidiary to make payments under the Tax Receivable Agree
non-controlling interest holders for the tax savings realized from the taxable purchases of their interests in connectio
reorganization at the time of Blackstone s initial public offering in 2007 and subsequent purchases. The obligation r
of the payments currently expected to be made, which are dependent on the tax savings actually realized as determin
discounting for the timing of the payments. As required by GAAP, the amount of the obligation included in the Con
Statements and shown in Note 17. Related Party Transactions (see Item 8. Financial Statements and Supplemen
reflect the net present value of the payments due to certain non-controlling interest holders.

(h) The total represents gross unrecognized tax benefits of $3.2 million and interest and penalties of $2.4 million. In add
to make a reasonably reliable estimate of the timing of payments in individual years in connection with gross unreco
million and interest of $5.0 million; therefore, such amounts are not included in the above contractual obligations tab

(i) These obligations represent commitments by us to provide general partner capital funding to the Blackstone Funds, l
funding to other funds and Blackstone principal investment commitments. These amounts are generally due on dema
presented in the less than one year category; however, a substantial amount of the capital commitments are expected
three years. We expect to continue to make these general partner capital commitments as we raise additional amount
over time.

In connection with the spin-off of our financial and strategic advisory services, restructuring and reorganization advisory s
businesses, certain of the Blackstone equity awards held by PJT Partners personnel who remained employed with PJT Pa
were converted into equity awards of PJT Partners. As described under Certain Relationships and Related Party Transact
Blackstone Related to the Spin-Off Employee Matters Agreement in the Form 10 filed by PJT Partners Inc. on Septem
calendar days following the spin-off the value of the PJT Partners personnel s converted equity award is less than the va
Blackstone award would have had over the same period, Blackstone will pay (in cash, Blackstone equity or PJT Partners e
discretion) certain true-up awards to PJT Partners personnel. As an illustrative example, $8.3 million would be payabl
true-up requirement if the true-up awards were calculated as of December 31, 2015.

Guarantees

Blackstone and certain of its consolidated funds provide financial guarantees. The amounts and nature of these guarantees
Commitments and Contingencies Contingencies Guarantees in the Notes to Consolidated Financial Statements i
Supplementary Data of this filing.

Indemnifications

In many of its service contracts, Blackstone agrees to indemnify the third party service provider under certain circumstanc
indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined and ha
table above or recorded in our Consolidated Financial Statements as of December 31, 2015.

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Clawback Obligations

Carried Interest is subject to clawback to the extent that the Carried Interest received to date with respect to a fund exceeds
Blackstone based on cumulative results of that fund. The actual clawback liability, however, generally does not become re
fund s life except for certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, wh
clawback liability. The lives of the carry funds, including available contemplated extensions, for which a liability for poten
has been recorded for financial reporting purposes, are currently anticipated to expire at various points through 2028. Furt
may be implemented under given circumstances.

For financial reporting purposes, the general partners have recorded a liability for potential clawback obligations to the lim
carry funds due to changes in the unrealized value of a fund s remaining investments and where the fund s general partne
Carried Interest distributions with respect to such fund s realized investments.

As of December 31, 2015, the total clawback obligations were $3.4 million, of which $1.7 million related to current and fo
and $1.7 million related to Blackstone Holdings. If, at December 31, 2015, all of the investments held by our carry funds v
possibility that management views as remote, the amount of carried interest subject to potential clawback would be $4.4 b
where applicable, of which $4.1 billion related to Blackstone Holdings and $370.5 million related to current and former Bl
Note 17. Related Party Transactions and Note 18. Commitments and Contingencies in the Notes to Consolidated F
Financial Statements and Supplementary Data of this filing.)

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our predominant exposure to market risk is related to our role as general partner or investment adviser to the Blackstone F
movements in the fair value of their investments, including the effect on management fees, performance fees and investme

Although the Blackstone Funds share many common themes, each of our alternative asset management operations runs its
management processes, subject to our overall risk tolerance and philosophy:

The investment process of our carry funds involves a detailed analysis of potential investments, and asset man
to oversee the operations, strategic development, financing and capital deployment decisions of each portfolio
decisions are subject to approval by the applicable investment committee, which is comprised of Blackstone se
senior management.

In our capacity as adviser to certain funds in our Hedge Fund Solutions and Credit segments, we continuously
for attractive trading opportunities, applying a number of traditional and customized risk management metrics
specific assets or portfolios. In addition, we perform extensive credit and cash-flow analyses of borrowers, cre
underlying hedge fund managers, and have extensive asset management teams that monitor covenant complian
financial data of, borrowers and other obligors, asset pool performance statistics, tracking of cash payments re
ongoing analysis of the credit status of investments.

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Effect on Fund Management Fees

Our management fees are based on (a) third parties capital commitments to a Blackstone Fund, (b) third parties capital or (c) the net asset value, or NAV, of a Blackstone Fund, as described in our Consolidated Financial Statements. Managen directly affected by short-term changes in market conditions to the extent they are based on NAV or represent permanent i management fees will be increased (or reduced) in direct proportion to the effect of changes in the fair value of our investr The proportion of our management fees that are based on NAV is dependent on the number and types of Blackstone Funds stage of each fund s life cycle. For the years ended December 31, 2015 and December 31, 2014, the approximate percenta fees based on the NAV of the applicable funds or separately managed accounts, were as follows:

Fund Management Fees Based on the NAV of the Applicable Funds or Separately Managed Accounts

Market Risk

The Blackstone Funds hold investments which are reported at fair value. Based on the fair value as of December 31, 2015 estimate that a 10% decline in fair value of the investments would result in the following declines in Management Fees, Pe Related Compensation Expense and Investment Income:

	December 31,				
	2015				
	Management Fees (a)	Performance Fees, Net of Related Compensation Expense (b)	Investment Income (b)	Management Fees (a)	Pe F Co E
	(Dollars in Thousands)				
10% Decline in Fair Value of the Investments	$ 85,463	$ 1,296,886	$ 250,246	$ 86,002	$

(a) Represents the annualized effect of the 10% decline.
(b) Represents the reporting date effect of the 10% decline.

Total Assets Under Management, excluding undrawn capital commitments and the amount of capital raised for our CLOs, percentage amount classified as Level III investments as defined within the fair value standards of GAAP, are as follows:

	December 3
	Total Assets Under Management, Excluding Undrawn Capital Commitments and the Amount of Capital Raised for CLOs (Dollars in Thousands)
Private Equity	$ 50,433,836
Real Estate	$ 66,146,413
Credit	$ 44,555,315

The fair value of our investments and securities can vary significantly based on a number of factors that take into consider Blackstone Funds investment portfolio and on a number of factors and inputs such as similar transactions, financial metr comparatives, among others. (See Part I. Item 1A. Risk

Factors above. Also see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operati
Investments, at Fair Value.) We believe these fair value amounts should be utilized with caution as our intent and strat
securities until prevailing market conditions are beneficial for investment sales.

Investors in all of our carry funds (and certain of our credit-focused funds and funds of hedge funds) make capital commit
are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling their com
capital from them in order for those funds to consummate investments and otherwise pay their related obligations when du
fees. We have not had investors fail to honor capital calls to any meaningful extent and any investor that did not fund a ca
having a significant amount of its existing investment forfeited in that fund; however, if investors were to fail to satisfy a s
calls for any particular fund or funds, those funds could be materially and adversely affected.

Exchange Rate Risk

The Blackstone Funds hold investments that are denominated in non-U.S. dollar currencies that may be affected by mover
between the U.S. dollar and non-U.S. dollar currencies. Additionally, a portion of our management fees are denominated i
We estimate that as of December 31, 2015 and December 31, 2014, a 10% decline in the rate of exchange of all foreign cu
dollar would result in the following declines in Management Fees, Performance Fees, Net of Related Compensation Exper

	December 31,				
	2015				
	Management Fees (a)	Performance Fees, Net of Related Compensation Expense (b)	Investment Income (b)	Management Fees (a)	Pe F Co E
	(Dollars in Thousands)				
10% Decline in the Rate of Exchange of All Foreign Currencies Against the U.S. Dollar	$ 13,464	$ 270,190	$ 41,445	$ 21,882	$

(a) Represents the annualized effect of the 10% decline.
(b) Represents the reporting date effect of the 10% decline.

Interest Rate Risk

Blackstone has debt obligations payable that accrue interest at variable rates. Interest rate changes may therefore affect the
payments, future earnings and cash flows. Based on our debt obligations payable as of December 31, 2015 and December
interest expense relating to variable rates would increase on an annual basis, in the event interest rates were to increase by
follows:

	201 (D
Annualized Increase in Interest Expense Due to a One Percentage Point Increase in Interest Rates	$ 4

Blackstone s Treasury Cash Management Strategies consists of a diversified portfolio of liquid assets to meet the liquidity
(the Treasury Liquidity Portfolio). This portfolio includes cash, open-ended

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money market mutual funds, open-ended bond mutual funds, marketable investment securities, freestanding derivative cor
reverse repurchase agreements and other investments. If interest rates were to increase by one percentage point, we estima
investment income would decrease, offset by an estimated increase in interest income on an annual basis from interest on
follows:

	December 31,		
	2015		
	Annualized Decrease in Investment Income	Annualized Increase in Interest Income from Floating Rate Assets	Annualiz Decrease Investme Incom
	(Dollars in Thousands)		
One Percentage Point Increase in Interest Rates	$ 140 (a)	$ 20,486	$ 17,86

(a) As of December 31, 2015 and 2014, this represents 0.0% and 0.6% of the Treasury Liquidity Portfolio, respectively.

Credit Risk

Certain Blackstone Funds and the Investee Funds are subject to certain inherent risks through their investments.

The Treasury Liquidity Portfolio contains certain credit risks including, but not limited to, exposure to uninsured deposits
unsecured corporate bonds and mortgage-backed securities. These exposures are actively monitored on a continuous basis
reallocated based on changes in risk profile, market or economic conditions.

We estimate that our annualized investment income would decrease, if credit spreads were to increase by one percentage p

Decrease in Annualized Investment Income Due to a One Percentage Point Increase in Credit Spreads (a)	

(a) As of December 31, 2015 and 2014, this represents 0.8% and 1.8% of the Treasury Liquidity Portfolio, respectively.

Certain of our entities hold derivative instruments that contain an element of risk in the event that the counterparties may b
of such agreements. We minimize our risk exposure by limiting the counterparties with which we enter into contracts to ba
who meet established credit and capital guidelines. We do not expect any counterparty to default on its obligations and the
any loss due to counterparty default.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm
Consolidated Statements of Financial Condition as of December 31, 2015 and 2014
Consolidated Statements of Operations for the Years Ended December 31, 2015, 2014 and 2013
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015, 2014 and 2013
Consolidated Statements of Changes in Partners Capital for the Years Ended December 31, 2015, 2014 and 2013
Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013
Notes to Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the General Partner and Unitholders of The Blackstone Group L.P.:

We have audited the accompanying consolidated statements of financial condition of The Blackstone Group L.P. and subs December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in pa flows for each of the three years in the period ended December 31, 2015. We also have audited Blackstone s internal cont of December 31, 2015, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Com Organizations of the Treadway Commission. Blackstone s management is responsible for these financial statements, for m control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, incl Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these f opinion on Blackstone s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United St require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free o whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financ examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the acco significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of intern reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis fo

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company principal financial officers, or persons performing similar functions, and effected by the company s board of directors, ma personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial st purposes in accordance with generally accepted accounting principles. A company s internal control over financial report and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the tran the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparati accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being ma authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial stat

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or imp of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projecti effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may b of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial Group L.P. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of opinion, Blackstone maintained, in all material respects, effective internal control over financial reporting as of December criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizati Commission.

As discussed in Note 2 to the consolidated financial statements, Blackstone adopted the Financial Accounting Standards B consolidation guidance as of January 1, 2015.

/s/ DELOITTE & TOUCHE LLP

New York, New York

February 26, 2016

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THE BLACKSTONE GROUP L.P.

Consolidated Statements of Financial Condition

(Dollars in Thousands, Except Unit Data)

	Decem[illegible] 2[illegible]
Assets	
Cash and Cash Equivalents	$ 1,8[illegible]
Cash Held by Blackstone Funds and Other	[illegible]
Investments (including assets pledged of $64,535 and $45,764 at December 31, 2015 and December 31, 2014 , respectively)	14,[illegible]
Accounts Receivable	[illegible]
Reverse Repurchase Agreements	[illegible]
Due from Affiliates	1,[illegible]
Intangible Assets, Net	[illegible]
Goodwill	1,7[illegible]
Other Assets	[illegible]
Deferred Tax Assets	1,[illegible]
Total Assets	$ 22,[illegible]
Liabilities and Partners Capital	
Loans Payable	$ 6,[illegible]
Due to Affiliates	1,[illegible]
Accrued Compensation and Benefits	2,0[illegible]
Securities Sold, Not Yet Purchased	
Repurchase Agreements	
Accounts Payable, Accrued Expenses and Other Liabilities	[illegible]
Total Liabilities	10,[illegible]
Commitments and Contingencies	
Redeemable Non-Controlling Interests in Consolidated Entities	
Partners Capital	
The Blackstone Group L.P. Partners Capital	
Partners Capital (common units: 624,450,162 issued and outstanding as of December 31, 2015; 595,624,855 issued and outstanding as of December 31, 2014)	6,[illegible]
Appropriated Partners Capital	
Accumulated Other Comprehensive Income	
Total The Blackstone Group L.P. Partners Capital	6,[illegible]
Non-Controlling Interests in Consolidated Entities	2,4[illegible]
Non-Controlling Interests in Blackstone Holdings	3,[illegible]
Total Partners Capital	12,0[illegible]
Total Liabilities and Partners Capital	$ 22,[illegible]

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statements of Financial Condition

(Dollars in Thousands)

The following presents the portion of the consolidated balances presented above attributable to consolidated Blackstone Fu
interest entities. The following assets may only be used to settle obligations of these consolidated Blackstone Funds and th
obligations of these consolidated Blackstone Funds and they do not have recourse to the general credit of Blackstone.

	Dece 2
Assets	
Cash Held by Blackstone Funds and Other	$
Investments	4,
Accounts Receivable	
Due from Affiliates	
Other Assets	
Total Assets	$ 5,
Liabilities	
Loans Payable	$ 3,
Due to Affiliates	
Accounts Payable, Accrued Expenses and Other	
Total Liabilities	$ 3,

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statements of Operations

(Dollars in Thousands, Except Unit and Per Unit Data)

	Year Ende
	2015
Revenues	
Management and Advisory Fees, Net	$ 2,542,505 $
Performance Fees	
Realized	
Carried Interest	3,205,290
Incentive Fees	193,238
Unrealized	
Carried Interest	(1,595,174)
Incentive Fees	(6,688)
Total Performance Fees	1,796,666
Investment Income (Loss)	
Realized	555,171
Unrealized	(350,529)
Total Investment Income	204,642
Interest and Dividend Revenue	94,957
Other	7,782
Total Revenues	4,646,552
Expenses	
Compensation and Benefits	
Compensation	1,726,191
Performance Fee Compensation	
Realized	
Carried Interest	793,801
Incentive Fees	85,945
Unrealized	
Carried Interest	(312,696)
Incentive Fees	(2,490)
Total Compensation and Benefits	2,290,751
General, Administrative and Other	576,103
Interest Expense	144,522
Fund Expenses	79,499
Total Expenses	3,090,875
Other Income	
Reversal of Tax Receivable Agreement Liability	82,707
Net Gains from Fund Investment Activities	176,364
Total Other Income	259,071
Income Before Provision for Taxes	1,814,748

Provision for Taxes		190,398	
Net Income		1,624,350	
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities		11,145	
Net Income Attributable to Non-Controlling Interests in Consolidated Entities		219,900	
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings		683,516	
Net Income Attributable to The Blackstone Group L.P.	$	709,789	$
Net Income Per Common Unit			
Common Units, Basic	$	1.12	$
Common Units, Diluted	$	1.04	$
Weighted-Average Common Units Outstanding			
Common Units, Basic		634,337,179	60
Common Units, Diluted		1,188,085,411	61
Revenues Earned from Affiliates			
Management and Advisory Fees, Net	$	210,672	$

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statements of Comprehensive Income

(Dollars in Thousands)

		Year End
	2015	
Net Income	$ 1,624,350	$
Other Comprehensive Income (Loss), Net of Tax Currency Translation Adjustment	(49,238)	
Comprehensive Income	1,575,112	
Less:		
Comprehensive Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	11,145	
Comprehensive Income Attributable to Non-Controlling Interests in Consolidated Entities	202,318	
Comprehensive Income Attributable to Non-Controlling Interests in Blackstone Holdings	683,516	
Comprehensive Income Attributable to The Blackstone Group L.P.	$ 678,133	$

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statement of Changes in Partners Capital

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P.						
	Common Units	**Partners Capital**	**Appro-priated Partners Capital**	**Accumulated Other Compre-hensive Income**	**Total**	**Non-Controlling Interests in Consolidated Entities**	**Non-Controlling Interests in Blackstone Holdings**
Balance at December 31, 2012	556,354,387	$ 4,955,649	$ 509,028	$ 2,170	$ 5,466,847	$ 1,443,559	$ 2,748,356
Consolidation of Fund Entity						659,001	
Net Income		1,171,202			1,171,202	198,557	1,339,845
Allocation of Losses of Consolidated CLO Entities			(186,183)		(186,183)	186,183	
Currency Translation Adjustment				1,296	1,296	8,600	
Allocation of Currency Translation Adjustment of Consolidated CLO Entities			8,600		8,600	(8,600)	
Capital Contributions						285,757	262
Capital Distributions		(679,082)			(679,082)	(306,605)	(790,397)
Transfer of Non-Controlling Interests in Consolidated Entities						(2,403)	
Purchase of Interests from Certain Non-Controlling Interest Holders		(43)			(43)		
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		80,580			80,580		
Equity-Based Compensation		411,516			411,516		399,567
Relinquished with Deconsolidation and Liquidation of Partnership			(30,737)		(30,737)	(2)	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	6,464,259	(20,366)			(20,366)		(481)
Change in The Blackstone Group L.P. s Ownership Interest		(2,519)			(2,519)		2,519
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	8,232,434	43,255			43,255		(43,255)
Issuance of New Units	1,541,199	42,400			42,400		
Balance at December 31, 2013	572,592,279	$ 6,002,592	$ 300,708	$ 3,466	$ 6,306,766	$ 2,464,047	$ 3,656,416

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statement of Changes in Partners Capital

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P.						
	Common Units	Partners Capital	Appro-priated Partners Capital	Accumulated Other Compre-hensive Income (Loss)	Total	Non-Controlling Interests in Consolidated Entities	Non-Controlling Interests in Blackstone Holdings
Balance at December 31, 2013	572,592,279	$ 6,002,592	$ 300,708	$ 3,466	$ 6,306,766	$ 2,464,047	$ 3,656,416
Acquisition Adjustments Relating to Consolidation of CLO Entities			8,398		8,398		
Consolidation of Fund Entity						323,158	
Net Income		1,584,589			1,584,589	335,070	1,701,100
Allocation of Losses of Consolidated CLO Entities			(111,723)		(111,723)	111,723	
Currency Translation Adjustment				(24,330)	(24,330)	(33,594)	
Allocation of Currency Translation Adjustment of Consolidated CLO Entities			(33,594)		(33,594)	33,594	
Reclassification of Currency Translation Adjustment Due to Deconsolidation of CLO Entities		(611)			(611)		
Capital Contributions						760,357	
Capital Distributions		(1,148,139)			(1,148,139)	(577,032)	(1,200,457)
Transfer of Non-Controlling Interests in Consolidated Entities						(1,885)	
Purchase of Interests from Certain Non-Controlling Interest Holders		(6)			(6)		
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		22,982			22,982		
Equity-Based Compensation		421,363			421,363		386,703
Relinquished with Deconsolidation and Liquidation of Partnership			(82,488)		(82,488)	(82)	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	6,407,733	(35,469)			(35,469)		(783)
Excess Tax Benefits Related to Equity-Based Compensation, Net		25,620			25,620		
Change in The Blackstone Group L.P. s Ownership Interest		9,032			9,032		(9,032)
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	16,624,843	117,877			117,877		(117,877)

Balance at December 31, 2014	595,624,855	$ 6,999,830	$ 81,301	$ (20,864)	$ 7,060,267	$ 3,415,356	$ 4,416,070

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statement of Changes in Partners Capital

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P.						
	Common Units	**Partners Capital**	**Appro-priated Partners Capital**	**Accumulated Other Compre-hensive (Loss)**	**Total**	**Non-Controlling Interests in Consolidated Entities**	**Non-Controlling Interests in Blackstone Holdings**
Balance at December 31, 2014	595,624,855	$ 6,999,830	$ 81,301	$ (20,864)	$ 7,060,267	$ 3,415,356	$ 4,416,070
Deconsolidation of CLOs and Funds on Adoption of ASU 2015-02			(90,928)		(90,928)	(1,002,728)	
Adjustment to Appropriated Partners Capital on Adoption of ASU 2014-13			9,627		9,627		
Net Income		709,789			709,789	219,900	683,516
Currency Translation Adjustment				(31,655)	(31,655)	(39,475)	
Capital Contributions						491,456	
Capital Distributions		(1,812,602)			(1,812,602)	(663,536)	(1,684,744)
Distributions Associated with the Spin-Off		(232,034)			(232,034)		(135,204)
Transfer of Non-Controlling Interests in Consolidated Entities						(12,272)	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		65,027			65,027		
Equity-Based Compensation		356,440			356,440		315,442
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	12,180,703	(59,128)			(59,128)		(1,903)
Excess Tax Benefits Related to Equity-Based Compensation, Net		70,317			70,317		
Change in The Blackstone Group L.P. s Ownership Interest		92,785			92,785		(92,785)
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	16,644,604	131,883			131,883		(131,883)
Balance at December 31, 2015	624,450,162	$ 6,322,307	$	$ (52,519)	$ 6,269,788	$ 2,408,701	$ 3,368,509

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	2015
Operating Activities	
Net Income	$ 1,624,350
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Blackstone Funds Related	
Unrealized (Appreciation) Depreciation on Investments Allocable to Non-Controlling Interests in Consolidated Entities	356,170
Net Realized Gains on Investments	(4,121,003)
Changes in Unrealized (Gains) Losses on Investments Allocable to The Blackstone Group L.P.	365,894
Non-Cash Performance Fees	1,391,946
Non-Cash Performance Fee Compensation	564,560
Equity-Based Compensation Expense	629,642
Excess Tax Benefits Related to Equity-Based Compensation	(70,318)
Amortization of Intangibles	101,437
Other Non-Cash Amounts Included in Net Income	144,657
Cash Flows Due to Changes in Operating Assets and Liabilities	
Cash Held by Blackstone Funds and Other	1,220,959
Cash Relinquished with Deconsolidation and Liquidation of Partnership	(442,370)
Accounts Receivable	(213,706)
Reverse Repurchase Agreements	(204,893)
Due from Affiliates	(97,487)
Other Assets	(149,732)
Accrued Compensation and Benefits	(917,428)
Securities Sold, Not Yet Purchased	96,780
Accounts Payable, Accrued Expenses and Other Liabilities	(474,652)
Repurchase Agreements	11,012
Due to Affiliates	(102,847)
Treasury Cash Management Strategies	
Investments Purchased	(3,907,391)
Cash Proceeds from Sale of Investments	3,909,637
Blackstone Funds Related	
Investments Purchased	(4,029,723)
Cash Proceeds from Sale or Pay Down of Investments	6,711,549
Net Cash Provided by Operating Activities	2,397,043
Investing Activities	
Purchase of Furniture, Equipment and Leasehold Improvements	(59,247)
Net Cash Paid for Acquisitions, Net of Cash Acquired	
Changes in Restricted Cash	5,843
Net Cash Used in Investing Activities	(53,404)

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	2015	Yea Dece 2
Financing Activities		
Distributions to Non-Controlling Interest Holders in Consolidated Entities	$ (677,110)	$ (
Contributions from Non-Controlling Interest Holders in Consolidated Entities	479,678	1.
Purchase of Interests from Certain Non-Controlling Interest Holders		
Cash Relinquished in Conjunction with the Spin-Off	(55,412)	
Payments Under Tax Receivable Agreement	(84,484)	
Net Delivery of Vested Common Units and Repurchase of Common and Holdings Units	(61,031)	
Excess Tax Benefits Related to Equity-Based Compensation	70,318	
Proceeds from Loans Payable	675,807	
Repayment and Repurchase of Loans Payable	(923)	
Distributions to Unitholders	(3,497,346)	(2.
Blackstone Funds Related		
Proceeds from Loans Payable	1,747,807	2.
Repayment of Loans Payable	(516,706)	(1.
Net Cash Used in Financing Activities	(1,919,402)	(1.
Effect of Exchange Rate Changes on Cash and Cash Equivalents	615	
Net Increase in Cash and Cash Equivalents	424,852	
Cash and Cash Equivalents, Beginning of Period	1,412,472	
Cash and Cash Equivalents, End of Period	$ 1,837,324	$ 1.
Supplemental Disclosure of Cash Flows Information		
Payments for Interest	$ 126,167	$
Payments for Income Taxes	$ 115,814	$
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Non-Cash Contributions from Non-Controlling Interest Holders	$ 2,277	$
Non-Cash Distributions to Non-Controlling Interest Holders	$ (34)	$
Net Assets Associated with the Spin-Off	$ (311,826)	$
Net Activities Related to Capital Transactions of Consolidated Blackstone Funds	$ (295)	$
Net Assets Related to the Consolidation of CLO Vehicles	$	$
Net Assets Related to the Consolidation of Certain Fund Entities	$	$
In-kind Contribution of Capital	$	$
Notes Issuance Costs	$ 5,269	$

Transfer of Interests to Non-Controlling Interest Holders	$	(12,272)	$
Change in The Blackstone Group L.P. s Ownership Interest	$	92,785	$
Net Settlement of Vested Common Units	$	139,941	$
Conversion of Blackstone Holdings Units to Common Units	$	131,883	$
Acquisition of Ownership Interests from Non-Controlling Interest Holders Deferred Tax Asset	$	(195,291)	$ (
Due to Affiliates	$	130,264	$
Partners Capital	$	65,027	$
Issuance of New Units	$		$

See notes to consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

1. ORGANIZATION

The Blackstone Group L.P., together with its subsidiaries (Blackstone or the Partnership), is a leading global manag
alternative asset management business includes the management of private equity funds, real estate funds, real estate inves
of hedge funds, hedge funds, credit-focused funds, collateralized loan obligation (CLO) vehicles, collateralized debt ob
separately managed accounts and registered investment companies (collectively referred to as the Blackstone Funds). B
provided various financial advisory services, including financial and strategic advisory, restructuring and reorganization a
services. Blackstone s business is organized into four segments: private equity, real estate, hedge fund solutions and credi

On October 1, 2015, Blackstone completed the spin-off of the operations that historically constituted Blackstone s Financ
than Blackstone s capital markets services business. Blackstone s capital markets services business was retained and was
October 1, 2015, Blackstone no longer reported a Financial Advisory segment.

The Partnership was formed as a Delaware limited partnership on March 12, 2007. The Partnership is managed and operat
Blackstone Group Management L.L.C., which is in turn wholly owned and controlled by one of Blackstone s founders, S
Founder), and Blackstone s other senior managing directors. The activities of the Partnership are conducted through its
Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and I
(collectively, Blackstone Holdings , Blackstone Holdings Partnerships or the Holding Partnerships). The Partnersh
subsidiaries, is the sole general partner in each of these Holding Partnerships.

On October 1, 2015, Blackstone formed a new holding partnership, Blackstone Holdings AI L.P., which holds certain ope
in a manner similar to the existing Blackstone Holdings Partnerships.

Generally, holders of the limited partner interests in the Holding Partnerships may, four times each year, exchange their li
(Partnership Units) for Blackstone common units, on a one-to-one basis, exchanging one Partnership Unit from each of
one Blackstone common unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of the Partnership have been prepared in accordance with accounting
accepted in the United States of America (GAAP).

The consolidated financial statements include the accounts of the Partnership, its wholly owned or majority-owned subsid
entities which are considered to be variable interest entities and for which the Partnership is considered the primary benef
partnerships or similar entities which are not considered variable interest entities but in which the general partner is presu

All intercompany balances and transactions have been eliminated in consolidation.

Restructurings within consolidated CLOs are treated as investment purchases or sales, as applicable, in the Consolidated S

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimate
reported in the consolidated financial statements and accompanying notes. Management believes that estimates utilized in
consolidated financial statements are prudent and reasonable. Such estimates include those used in the valuation of investr
instruments and the accounting for Goodwill and equity-based compensation. Actual results could differ from those estima
could be material.

Consolidation

The Partnership consolidates all entities that it controls through a majority voting interest or otherwise, including those Bl
general partner has a controlling financial interest. The Partnership has a controlling interest in Blackstone Holdings becau
not have the right to dissolve the partnerships or have substantive kick out rights or participating rights that would overcor
control by the Partnership. Accordingly, the Partnership consolidates Blackstone Holdings and records non-controlling int
economic interests of the limited partners of Blackstone Holdings.

In addition, the Partnership consolidates all variable interest entities (VIE) in which it is the primary beneficiary. An en
primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to
VIE that most significantly impact the entity s economic performance and (b) the obligation to absorb losses of the entity
benefits from the entity that could potentially be significant to the VIE. The consolidation guidance requires an analysis to
entity in which the Partnership holds a variable interest is a VIE and (b) whether the Partnership s involvement, through h
indirectly in the entity or contractually through other variable interests (for example, management and performance relatec
controlling financial interest. Performance of that analysis requires the exercise of judgment.

The Partnership determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a variable i
reconsiders that conclusion continually. In evaluating whether the Partnership is the primary beneficiary, Blackstone evalu
in the entity held either directly or indirectly by the Partnership. The consolidation analysis can generally be performed qu
not readily apparent that the Partnership is not the primary beneficiary, a quantitative analysis may also be performed. Inve
(either by the Partnership, affiliates of the Partnership or third parties) or amendments to the governing documents of the r
could affect an entity s status as a VIE or the determination of the primary beneficiary. At each reporting date, the Partner
primary beneficiary and will consolidate or deconsolidate accordingly.

Assets of consolidated VIEs that can only be used to settle obligations of the consolidated VIE and liabilities of a consolid
(or beneficial interest holders) do not have recourse to the general credit of Blackstone are presented in a separate section i
Statements of Financial Condition.

Blackstone s other disclosures regarding VIEs are discussed in Note 9. Variable Interest Entities .

Revenue Recognition

Revenues primarily consist of management and advisory fees, performance fees, investment income, interest and dividend

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Management and Advisory Fees, Net Management and Advisory Fees, Net are comprised of management fees, includin transaction and other fees and advisory fees net of management fee reductions and offsets.

The Partnership earns base management fees from limited partners of funds in each of its managed funds, at a fixed percer management, net asset value, total assets, committed capital or invested capital, or in some cases, a fixed fee. Base manag based on contractual terms specified in the underlying investment advisory agreements.

Transaction and other fees (including monitoring fees) are fees charged directly to managed funds and portfolio companie agreements generally require that the investment adviser reduce the amount of management fees payable by the limited pa (management fee reductions) by an amount equal to a portion of the transaction and other fees directly paid to the Partn companies. The amount of the reduction varies by fund, the type of fee paid by the portfolio company and the previously i fund.

Management fee offsets are reductions to management fees payable by the limited partners of the Blackstone Funds, whic amount such limited partners reimburse the Blackstone Funds for placement fees.

Advisory fees consist of advisory retainer and transaction-based fee arrangements related to financial and strategic adviso reorganization advisory services, capital markets services and fund placement services for alternative investment funds. A recognized when services for the transactions are complete, in accordance with terms set forth in individual agreements. T recognized when (a) there is evidence of an arrangement with a client, (b) agreed upon services have been provided, (c) fe and (d) collection is reasonably assured. Fund placement fees are recognized as earned upon the acceptance by a fund of c commitments.

Accrued but unpaid Management and Advisory Fees, net of management fee reductions and management fee offsets, as o included in Accounts Receivable or Due from Affiliates in the Consolidated Statements of Financial Condition. Managem partners to the Blackstone Funds and passed on to Blackstone are not considered affiliate revenues.

Performance Fees Performance Fees earned on the performance of Blackstone s hedge fund structures (Incentive Fee performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance out in each hedge fund s governing agreements. Accrued but unpaid Incentive Fees charged directly to investors in Black as of the reporting date are recorded within Due from Affiliates in the Consolidated Statements of Financial Condition. Ac Fees on onshore funds as of the reporting date are reflected in Investments in the Consolidated Statements of Financial Co realized at the end of a measurement period, typically annually. Once realized, such fees are not subject to clawback or re

In certain fund structures, specifically in private equity, real estate and certain hedge fund solutions and credit-focused fun performance fees (Carried Interest) are allocated to the general partner based on cumulative fund performance to date, limited partners. At the end of each reporting period, the Partnership calculates the Carried Interest that would be due to th pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespecti

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it
adjustments to amounts recorded as Carried Interest to reflect either (a) positive performance resulting in an increase in th
to the general partner or (b) negative performance that would cause the amount due to the Partnership to be less than the a
as revenue, resulting in a negative adjustment to Carried Interest allocated to the general partner. In each scenario, it is nec
Carried Interest on cumulative results compared to the Carried Interest recorded to date and make the required positive or
Partnership ceases to record negative Carried Interest allocations once previously recognized Carried Interest allocations f
reversed. The Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Carrie
fund. Accrued but unpaid Carried Interest as of the reporting date is reflected in Investments in the Consolidated Statemen

Carried Interest is realized when an underlying investment is profitably disposed of and the fund s cumulative returns are
return or, in limited instances, after certain thresholds for return of capital are met. Carried Interest is subject to clawback t
Interest received to date exceeds the amount due to Blackstone based on cumulative results. As such, the accrual for poten
received Carried Interest, which is a component of Due to Affiliates, represents all amounts previously distributed to Blac
non-controlling interest holders that would need to be repaid to the Blackstone Funds if the Blackstone Carry Funds were t
current fair value of the underlying funds investments as of the reporting date. The actual clawback liability, however, ge
realized until the end of a fund s life except for certain funds, including certain Blackstone real estate funds, multi-asset c
credit-focused funds, which may have an interim clawback liability.

Investment Income (Loss) Investment Income (Loss) represents the unrealized and realized gains and losses on the Partn
including its investments in Blackstone Funds that are not consolidated, its equity method investments, and other principal
Income (Loss) is realized when the Partnership redeems all or a portion of its investment or when the Partnership receives
dividends or distributions. Unrealized Investment Income (Loss) results from changes in the fair value of the underlying in
reversal of unrealized gain (loss) at the time an investment is realized.

Interest and Dividend Revenue Interest and Dividend Revenue comprises primarily interest and dividend income earned
by Blackstone.

Other Revenue Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transa
currencies other than U.S. dollars.

Fair Value of Financial Instruments

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability u
instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instr
specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactio
participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degr
observability and a lesser degree of judgment used in measuring fair value.

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

Level I Quoted prices are available in active markets for identical financial instruments as of the reporting d
financial instruments in Level I include listed equities, listed derivatives and

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

mutual funds with quoted prices. The Partnership does not adjust the quoted price for these investments, even Blackstone holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly date, and fair value is determined through the use of models or other valuation methodologies. Financial instru included in this category include corporate bonds and loans, including corporate bonds and loans held within and agency securities, less liquid and restricted equity securities, and certain over-the-counter derivatives whe observable inputs. Upon adoption of the new CLO measurement guidance adopted as of January 1, 2015, seni issued by CLO vehicles are classified within Level II of the fair value hierarchy.

Level III Pricing inputs are unobservable for the financial instruments and includes situations where there is for the financial instrument. The inputs into the determination of fair value require significant management ju Financial instruments that are included in this category generally include general and limited partnership inter real estate funds, credit-focused funds, distressed debt and non-investment grade residual interests in securitiz bonds and loans held within CLO vehicles, and certain over-the-counter derivatives where the fair value is bas For periods prior to the adoption of new CLO measurement guidance, senior and subordinate notes issued by within Level III of the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such case which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest leve to the fair value measurement. The Partnership s assessment of the significance of a particular input to the fair value mea requires judgment and considers factors specific to the financial instrument.

Transfers between levels of the fair value hierarchy are recognized at the beginning of the reporting period.

Level II Valuation Techniques

Financial instruments classified within Level II of the fair value hierarchy comprise debt instruments, including certain co by Blackstone s consolidated CLO vehicles, those held within Blackstone s Treasury Cash Management Strategies and d purchased and interests in investment funds. Certain equity securities and derivative instruments valued using observable i Level II.

The valuation techniques used to value financial instruments classified within Level II of the fair value hierarchy are as fo

Debt Instruments and Equity Securities are valued on the basis of prices from an orderly transaction between by reputable dealers or pricing services. In determining the value of a particular investment, pricing services n with respect to transactions in such investments, quotations from dealers, pricing matrices and market transact investments and various relationships between investments. The valuation of certain equity securities is based an identical security adjusted for the effect of a restriction.

Freestanding Derivatives are valued using contractual cash flows and observable inputs comprising yield curv and credit spreads.

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Notes to Consolidated Financial Statements Continued

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Upon adoption of the new CLO measurement guidance adopted January 1, 2015, senior and subordinate notes
vehicles are classified based on the more observable fair value of CLO assets less (a) the fair value of any ben
held by Blackstone, and (b) the carrying value of any beneficial interests that represent compensation for servi

Level III Valuation Techniques

In the absence of observable market prices, Blackstone values its investments using valuation methodologies applied on a
investments little market activity may exist; management s determination of fair value is then based on the best informati
circumstances, and may incorporate management s own assumptions and involves a significant degree of judgment, takin
combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity
market prices are not observable include private investments in the equity of operating companies, real estate properties, c
and credit-focused investments.

Private Equity Investments The fair values of private equity investments are determined by reference to projected net ea
interest, taxes, depreciation and amortization (EBITDA), the discounted cash flow method, public market or private tra
comparable companies and other measures which, in many cases, are based on unaudited information at the time received.
by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key p
investee company such as EBITDA by a relevant valuation multiple observed in the range of comparable companies or tra
management for differences between the investment and the referenced comparables, and in some instances by reference t
other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to EBITDA
multiples.

Real Estate Investments The fair values of real estate investments are determined by considering projected operating cas
assets, if any, and replacement costs among other measures. The methods used to estimate the fair value of real estate inve
discounted cash flow method and/or capitalization rates (cap rates) analysis. Valuations may be derived by reference to
for comparable companies or assets (for example, multiplying a key performance metric of the investee company or asset,
relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for d
investment and the referenced comparables, and in some instances by reference to option pricing models or other similar m
cash flow method is used, a terminal value is derived by reference to an exit EBITDA multiple or capitalization rate. Addi
projected distributable cash flow through debt maturity will be considered in support of the investment s fair value.

Credit-Focused Investments The fair values of credit-focused investments are generally determined on the basis of price
provided by reputable dealers or pricing services. In some instances, Blackstone may utilize other valuation techniques, in
flow method or a market approach.

Credit-Focused Liabilities Credit-focused liabilities comprise senior and subordinate loans issued by Blackstone s cons
liabilities are valued using a discounted cash flow method. On the adoption of new accounting guidance as of January 1, 2
permitted measurement alternative, such liabilities are valued based on the more observable fair value of related assets hel
(a) the fair value of any beneficial interests held by Blackstone and (b) the carrying value of any beneficial interest that rep
services.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Level III Valuation Process

Investments classified within Level III of the fair value hierarchy are valued on a quarterly basis, taking into consideration weighted-average cost of capital assumptions, discounted cash flow projections and exit multiple assumptions, as well as other relevant conditions, and valuation models are updated accordingly. The valuation process also includes a review by party, at least annually for all investments, and quarterly for certain investments, to corroborate the values determined by of Blackstone s investments are reviewed quarterly by a valuation committee chaired by Blackstone s Vice Chairman an of Blackstone s businesses, as well as representatives of legal and finance. Each quarter, the valuations of Blackstone s i by the Audit Committee in a meeting attended by the chairman of the valuation committee. The valuations are further test sales prices obtained on disposition of the investments.

Investments, at Fair Value

The Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accou Auditing Guide, *Investment Companies*, and reflect their investments, including majority-owned and controlled investmen Companies), at fair value. Such consolidated funds investments are reflected in Investments on the Consolidated Staten fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of Net Gains (Lo Activities in the Consolidated Statements of Operations. Fair value is the amount that would be received to sell an asset or in an orderly transaction between market participants at the measurement date (i.e., the exit price).

Blackstone s principal investments are presented at fair value with unrealized appreciation or depreciation and realized ga the Consolidated Statements of Operations within Investment Income (Loss).

For certain instruments, the Partnership has elected the fair value option. Such election is irrevocable and is applied on an basis at initial recognition. The Partnership has applied the fair value option for certain loans and receivables and certain i securities that otherwise would not have been carried at fair value with gains and losses recorded in net income. Accounti instruments at fair value is consistent with how the Partnership accounts for its other principal investments. Loans extende recorded within Accounts Receivable within the Consolidated Statements of Financial Condition. Debt securities for whic been elected are recorded within Investments. The methodology for measuring the fair value of such investments is consis applied to private equity, real estate, credit-focused and funds of hedge funds investments. Changes in the fair value of su recognized in Investment Income (Loss) in the Consolidated Statements of Operations. Interest income on interest bearing debt securities on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of amortization of purchase premiums. This interest income is recorded within Interest and Dividend Revenue.

In addition, the Partnership has elected the fair value option for the assets and liabilities of CLO vehicles that are consolid as a result of the initial adoption of variable interest entity consolidation guidance. The Partnership has also elected the fa vehicles consolidated as a result of the acquisitions of CLO management contracts or the acquisition of the share capital o Historically, the adjustment resulting from the difference between the fair value of assets and liabilities for each of these e transition and acquisition adjustment to Appropriated Partners Capital. Assets of the consolidated CLOs are presented wi Consolidated Statements of Financial Condition and Liabilities

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

within Loans Payable for the amounts due to unaffiliated third parties and Due to Affiliates for the amounts held by non-c
Changes in the fair value of consolidated CLO assets and liabilities and related interest, dividend and other income subseq
acquisition are presented within Net Gains (Losses) from Fund Investment Activities. Expenses of consolidated CLO vehi
Expenses. Historically, amounts attributable to Non-Controlling Interests in Consolidated Entities had a corresponding adj
Partners Capital. On the adoption of the new CLO measurement guidance, there is no attribution of amounts to Non-Con
corresponding adjustments to Appropriated Partners Capital.

The Partnership has elected the fair value option for certain proprietary investments that would otherwise have been accou
method of accounting. The fair value of such investments is based on quoted prices in an active market or using the discou
Changes in fair value are recognized in Investment Income (Loss) in the Consolidated Statements of Operations.

Further disclosure on instruments for which the fair value option has been elected is presented in Note 7. Fair Value Opti
Financial Statements.

The investments of consolidated Blackstone Funds in funds of hedge funds (Investee Funds) are valued at net asset valu
Investee Fund. In limited circumstances, the Partnership may determine, based on its own due diligence and investment pr
share does not represent fair value. In such circumstances, the Partnership will estimate the fair value in good faith and in a
chooses, in accordance with the requirements of GAAP.

Certain investments of Blackstone and of the consolidated Blackstone funds of hedge funds and credit-focused funds meas
underlying funds at fair value using NAV per share without adjustment. The terms of the investee s investment generally
periods or lock-ups, the institution of gates on redemptions or the suspension of redemptions or an ability to side pocket in
of the investee s fund manager, and as a result, investments may not be redeemable at, or within three months of, the repo
used by hedge funds and funds of hedge funds to separate investments that may lack a readily ascertainable value, are illiq
liquidity restriction. Redemptions are generally not permitted until the investments within a side pocket are liquidated or it
conditions existing at the time that required the investment to be included in the side pocket no longer exist. As the timing
uncertain, the timing at which the Partnership may redeem an investment held in a side pocket cannot be estimated. Furthe
for which fair value is measured using NAV per share is presented in Note 5. Net Asset Value as Fair Value .

Security and loan transactions are recorded on a trade date basis.

Equity Method Investments

Investments in which the Partnership is deemed to exert significant influence, but not control, are accounted for using the e
accounting. Under the equity method of accounting, the Partnership s share of earnings (losses) from equity method inves
Investment Income (Loss) in the Consolidated Statements of Operations. The carrying amounts of equity method investme
Investments in the Consolidated Statements of Financial Condition. As the underlying investments of the Partnership s eq
Blackstone Funds are reported at fair value, the carrying value of the Partnership s equity method investments approxima

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Cash and Cash Equivalents

Cash and Cash Equivalents represents cash on hand, cash held in banks, money market funds and liquid investments with months or less. Interest income from cash and cash equivalents is recorded in Interest and Dividend Revenue in the Conso Operations.

Cash Held by Blackstone Funds and Other

Cash Held by Blackstone Funds and Other represents cash and cash equivalents held by consolidated Blackstone Funds an entities. Such amounts are not available to fund the general liquidity needs of Blackstone.

Accounts Receivable

Accounts Receivable includes management fees receivable from limited partners, receivables from underlying funds in the business, placement and advisory fees receivables, receivables relating to unsettled sale transactions and loans extended to Accounts Receivable, excluding those for which the fair value option has been elected, are assessed periodically for collec determined to be uncollectible are charged directly to General, Administrative and Other Expenses in the Consolidated Sta

Intangibles and Goodwill

Blackstone s intangible assets consist of contractual rights to earn future fee income, including management and advisory Carried Interest. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful years, reflecting the contractual lives of such assets. Amortization expense is included within General, Administrative and Statements of Operations. The Partnership does not hold any indefinite-lived intangible assets. Intangible assets are review events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill comprises goodwill arising from the contribution and reorganization of the Partnership s predecessor entities in IPO, the acquisition of GSO in 2008 and the acquisition of Strategic Partners in 2013. Goodwill is reviewed for impairmen a qualitative or quantitative approach, and more frequently if circumstances indicate impairment may have occurred. The i goodwill under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not Blackstone s operating segments is less than their respective carrying values. The operating segment is the reporting level goodwill. If it is determined that it is more likely than not that an operating segment s fair value is less than its carrying va approach is used, a two-step quantitative assessment is performed to (a) calculate the fair value of the operating segment a value, and (b) if the carrying value exceeds its fair value, to measure an impairment loss.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consist primarily of leasehold improvements, furniture, fixtures and equ and software and are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are c straight-line method over the assets estimated

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

useful economic lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, generally three to seven years for other fixed assets. The Partnership evaluates long-lived assets for impairment whenever events or indicate that the carrying amount of an asset may not be recoverable.

Foreign Currency

In the normal course of business, the Partnership may enter into transactions not denominated in United States dollars. For losses arising on such transactions are recorded as Other Revenue in the Consolidated Statements of Operations. Foreign c and losses arising within consolidated Blackstone Funds are recorded in Net Gains (Losses) from Fund Investment Activit Partnership consolidates a number of entities that have a non-U.S. dollar functional currency. Non-U.S. dollar denominate translated to U.S. dollars at the exchange rate prevailing at the reporting date and income, expenses, gains and losses are tr exchange rate on the dates that they were recorded. Cumulative translation adjustments arising from the translation of non operations are recorded in Other Comprehensive Income and allocated to Non-Controlling Interests in Consolidated Entiti

Comprehensive Income

Comprehensive Income consists of Net Income and Other Comprehensive Income. The Partnership s Other Comprehensi foreign currency cumulative translation adjustments.

Non-Controlling Interests in Consolidated Entities

Non-Controlling Interests in Consolidated Entities represent the component of Partners Capital in consolidated Blackston investors and employees. The percentage interests held by third parties and employees is adjusted for general partner alloc and redemptions in funds of hedge funds and certain credit-focused funds which occur during the reporting period. In addi interests in consolidated Blackstone Funds are attributed a share of income (loss) arising from the respective funds and a s income, if applicable. Income (Loss) is allocated to non-controlling interests in consolidated entities based on the relative party investors and employees after considering any contractual arrangements that govern the allocation of income (loss) s Blackstone Group L.P.

Redeemable Non-Controlling Interests in Consolidated Entities

Non-controlling interests related to funds of hedge funds and certain other credit-focused funds are subject to annual, semi redemption by investors in these funds following the expiration of a specified period of time, or may be withdrawn subject funds of hedge funds and certain credit-focused funds during the period when capital may not be withdrawn. As limited pa funds have been granted redemption rights, amounts relating to third party interests in such consolidated funds are present Non-Controlling Interests in Consolidated Entities within the Consolidated Statements of Financial Condition. When rede legally payable to investors, they are classified as a liability and included in Accounts Payable, Accrued Expenses and Oth Consolidated Statements of Financial Condition. For all consolidated funds in which redemption rights have not been gran interests are presented within Partners Capital in the Consolidated Statements of Financial Condition as Non-Controlling Entities.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Non-Controlling Interests in Blackstone Holdings

Non-Controlling Interests in Blackstone Holdings represent the component of Partners Capital in the consolidated Blacks
held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships.

Certain costs and expenses are borne directly by the Holdings Partnerships. Income (Loss), excluding those costs directly
the Holdings Partnerships, is attributable to Non-Controlling Interests in Blackstone Holdings. This residual attribution is
average percentage of Blackstone Holdings Partnership Units held by Blackstone personnel and others who are limited pa
Holdings Partnerships.

Compensation and Benefits

Compensation and Benefits Compensation Compensation and Benefits consists of (a) employee compensation, compr
benefits paid and payable to employees and senior managing directors and (b) equity-based compensation associated with
awards to employees and senior managing directors. Compensation cost relating to the issuance of equity-based awards to
and employees is measured at fair value at the grant date, taking into consideration expected forfeitures, and expensed ove
straight-line basis, except in the case of (a) equity-based awards that do not require future service, which are expensed imm
awards to recipients that meet specified criteria making them eligible for retirement treatment (allowing such recipient to
awards upon departure from Blackstone after becoming eligible for retirement), for which the expense for the portion of th
retained in the event of retirement is either expensed immediately or amortized to the retirement date. Cash settled equity-
as liabilities and are remeasured at the end of each reporting period.

Compensation and Benefits Performance Fee Performance Fee Compensation consists of Carried Interest (which may
in-kind) and Incentive Fee allocations, and may in future periods also include allocations of investment income from Blac
employees and senior managing directors participating in certain profit sharing initiatives. Such compensation expense is
negative adjustments. Unlike Carried Interest and Incentive Fees, compensation expense is based on the performance of in
by a fund rather than on a fund by fund basis. Compensation received from advisory clients in the form of securities of su
allocated to employees and senior managing directors.

Other Income

Net Gains (Losses) from Fund Investment Activities in the Consolidated Statements of Operations include net realized gai
and sales of investments, the net change in unrealized gains (losses) resulting from changes in the fair value of investment
expense and dividends attributable to the consolidated Blackstone Funds investments.

Expenses incurred by consolidated Blackstone funds are separately presented within Fund Expenses in the Consolidated S

Other Income also includes amounts attributable to the Reversal of the Tax Receivable Agreement Liability. See Note 14.
Income Reversal of the Tax Receivable Agreement Liability for additional information.

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(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Income Taxes

The Blackstone Holdings Partnerships and certain of their subsidiaries operate in the U.S. as partnerships for U.S. federal generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to New York business taxes or non-U.S. income taxes. In addition, certain of the wholly owned subsidiaries of the Partnership and the B Partnerships will be subject to federal, state and local corporate income taxes at the entity level and the related tax provisio Partnership s share of this income tax is reflected in the Consolidated Financial Statements.

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets a for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their res rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance v not that some portion or all of the deferred tax assets will not be realized. Current and deferred tax liabilities are recorded v Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition.

Blackstone uses the flow-through method to account for investment tax credits. Under this method, the investment tax cre reduction to income tax expense.

Blackstone analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is re returns, as well as for all open tax years in these jurisdictions. Blackstone records uncertain tax positions on the basis of a (a) determination is made whether it is more likely than not that the tax positions will be sustained based on the technical (b) those tax positions that meet the more-likely-than-not threshold are recognized as the largest amount of tax benefit tha likely to be realized upon ultimate settlement with the related tax authority. Blackstone recognizes accrued interest and pe tax positions in General, Administrative, and Other expenses within the Consolidated Statements of Operations.

Net Income (Loss) Per Common Unit

Basic Income (Loss) Per Common Unit is calculated by dividing Net Income (Loss) Attributable to The Blackstone Grou weighted-average number of common units and unvested participating common units outstanding for the period. Diluted I Unit reflects the assumed conversion of all dilutive securities. Diluted Income (Loss) Per Common Unit excludes the anti- Holdings Partnership Units and deferred restricted common units, as applicable.

Repurchase and Reverse Repurchase Agreements

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements t agreements), comprised primarily of U.S. and non-U.S. government and agency securities, asset-backed securities and co collateralized financing transactions. Such transactions are recorded in the Consolidated Statements of Financial Conditio amounts and include accrued interest. The carrying value of repurchase and reverse repurchase agreements approximates f

The Partnership manages credit exposure arising from reverse repurchase agreements and repurchase agreements by, in ap entering into master netting agreements and collateral arrangements with counterparties that provide the Partnership, in th default, the right to liquidate collateral and the right to offset a counterparty s rights and obligations.

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Notes to Consolidated Financial Statements Continued

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The Partnership takes possession of securities purchased under reverse repurchase agreements and is permitted to repledge such securities. The Partnership also pledges its financial instruments to counterparties to collateralize repurchase agreeme pledged that can be repledged, delivered or otherwise used by the counterparty are recorded in Investments in the Consolid Financial Condition. Additional disclosures relating to reverse repurchase and repurchase agreements are discussed in Not and Repurchase Agreements .

Blackstone does not offset assets and liabilities relating to reverse repurchase agreements and repurchase agreements in its Financial Condition. Additional disclosures relating to offsetting are discussed in Note 12. Offsetting of Assets and Liabi

Securities Sold, Not Yet Purchased

Securities Sold, Not Yet Purchased consist of equity and debt securities that the Partnership has borrowed and sold. The Pa cover its short sale in the future by purchasing the security at prevailing market prices and delivering it to the counterpa security. The Partnership is exposed to loss in the event that the price at which a security may have to be purchased to cove price at which the borrowed security was sold short.

Securities Sold, Not Yet Purchased are recorded at fair value in the Consolidated Statements of Financial Condition.

Derivative Instruments

The Partnership recognizes all derivatives as assets or liabilities on its Consolidated Statements of Financial Condition at f Partnership enters into a derivative contract, it designates and documents each derivative contract as one of the following: asset or liability (fair value hedge), (b) a hedge of a forecasted transaction or of the variability of cash flows to be recei recognized asset or liability (cash flow hedge), (c) a hedge of a net investment in a foreign operation, or (d) a derivative hedging instrument (freestanding derivative). For a fair value hedge, Blackstone records changes in the fair value of the that it is highly effective, changes in the fair value of the hedged asset or liability attributable to the hedged risk, in current Administrative and Other in the Consolidated Statements of Operations. Changes in the fair value of derivatives designate caused by factors other than changes in the risk being hedged, which are excluded from the assessment of hedge effectiven current period earnings. Gains or losses on a derivative instrument that is designated as, and is effective as, an economic h foreign operation are reported in the cumulative translation adjustment section of other comprehensive income to the exten The ineffective portion of a net investment hedge is recognized in current period earnings.

The Partnership formally documents at inception its hedge relationships, including identification of the hedging instrumen risk management objectives, strategy for undertaking the hedge transaction and the Partnership s evaluation of effectivene At least monthly, the Partnership also formally assesses whether the derivative it designated in each hedging relationship i been, highly effective in offsetting changes in estimated fair values or cash flows of the hedged items using either the regre offset method. For net investment hedges, the Partnership uses a method based on changes in spot rates to measure effecti that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued. The Partners remove a designation of a fair value hedge. The fair values of hedging derivative instruments are reflected within Other As Statements of Financial Condition.

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Notes to Consolidated Financial Statements Continued

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For freestanding derivative contracts, the Partnership presents changes in fair value in current period earnings. Changes in instruments held by consolidated Blackstone Funds are reflected in Net Gains (Losses) from Fund Investment Activities o instruments are held by the Partnership, within Investment Income (Loss) in the Consolidated Statements of Operations. T derivative assets are recorded within Investments and freestanding derivative liabilities are recorded within Accounts Paya Other Liabilities in the Consolidated Statements of Financial Condition.

The Partnership has elected to not offset derivative assets and liabilities or financial assets in its Consolidated Statements o including cash, that may be received or paid as part of collateral arrangements, even when an enforceable master netting a provides the Partnership, in the event of counterparty default, the right to liquidate collateral and the right to offset a count obligations.

Blackstone s other disclosures regarding derivative financial instruments are discussed in Note 6. Derivative Financial I

Blackstone s disclosures regarding offsetting are discussed in Note 12. Offsetting of Assets and Liabilities .

Affiliates

Blackstone considers its Founder, senior managing directors, employees, the Blackstone Funds and the Portfolio Compani

Distributions

Distributions are reflected in the consolidated financial statements when declared.

Recent Accounting Developments

In June 2014, the FASB issued amended guidance on revenue from contracts with customers. The guidance requires that a revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to wh entitled in exchange for those goods or services. An entity is required to (a) identify the contract(s) with a customer, (b) id obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligat (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an en consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recogniz uncertainty associated with the variable consideration is resolved.

The guidance introduces new qualitative and quantitative disclosure requirements about contracts with customers includin recognized, disaggregation of revenue and information about contract balances and performance obligations. Information judgments and changes in judgments in determining the timing of satisfaction of performance obligations and determining amounts allocated to performance obligations. Additional disclosures are required about assets recognized from the costs t

The amended guidance is effective for annual periods beginning after December 15, 2016, including interim periods withi guidance may have a material impact on Blackstone s consolidated financial statements if it is determined that both perfo interest are forms of variable consideration that may not be included in the transaction price. This may significantly delay interest income and performance fees.

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In August 2015, the FASB issued new guidance deferring the effective date of the new revenue recognition standard by or
should be applied for annual reporting periods beginning after December 15, 2017, including interim periods within that re

In June 2014, the FASB issued amended guidance on transfers and servicing. Under the amended guidance, repurchase tra
accounted for as sales should be accounted for as secured borrowings. There are additional disclosures relating to repurcha
lending transactions and repurchase-to-maturity transactions that are accounted for as secured borrowings including a disa
obligations by the class of collateral pledged, the remaining contractual tenor of the agreements and a discussion of the po
the agreements and the related collateral pledged.

The accounting guidance is effective for the first interim or annual period beginning after December 15, 2014. Adoption d
impact on Blackstone s financial statements. The amended disclosure guidance is effective for annual periods beginning a
for interim periods beginning after March 15, 2015. The amended disclosure requirements are presented in Note 10. Rev
Repurchase Agreements . Adoption did not have a material impact on Blackstone s financial statements.

In August 2014, the FASB issued amended guidance on the measurement of financial assets and financial liabilities of a co
financing entity. Under the amended guidance, a reporting entity that consolidates a collateralized financing entity may ele
assets and the financial liabilities using the more observable of the fair value of the financial assets and the fair value of th
this measurement alternative is elected, a reporting entity s consolidated net income (loss) should reflect the reporting ent
the collateralized financing entity, including (a) changes in the fair value of the beneficial interests retained by the reportin
interests that represent compensation for services. The guidance is effective for annual periods, and interim periods within
beginning after December 15, 2015. Early adoption is permitted as of the beginning of the annual period. The Partnership
guidance for the quarter ended June 30, 2015 and applied a modified retrospective approach as of January 1, 2015. As a re
been impacted. The guidance impacted the measurement of the financial liabilities of Blackstone s consolidated CLOs. A
material impact on Blackstone s financial statements.

In February 2015, the FASB issued amended guidance on consolidation. The amended guidance modifies the analysis that
order to determine whether a legal entity should be consolidated. The amended guidance simplifies current consolidation r
number of consolidation models, (b) eliminating the risk that a reporting entity may have to consolidate a legal entity solel
arrangement with another legal entity, (c) placing more weight on the risk of loss in order to identify the party that has a co
(d) reducing the number of instances that related party guidance needs to be applied when determining the party that has a
interest, and changing rules for companies in certain industries that ordinarily employ limited partnership or VIE structure
effective for public entities for interim and annual periods beginning after December 15, 2015. Early adoption, including a
is permitted. The Partnership adopted the guidance for the quarter ended June 30, 2015 and applied a modified retrospectiv
2015. As a result, prior periods have not been impacted. As a result of adoption, certain Blackstone Funds were deconsolid
resulting in a reduction in consolidated assets and liabilities as of January 1, 2015 of $8.0 billion and $4.7 billion, respectiv
on Redeemable Non-Controlling Interests in Consolidated Entities, Appropriated Partners Capital, and Non-Controlling I
Entities as of January 1, 2015 was a reduction of $2.3 billion, $90.9 million and $1.0 billion, respectively. The cash flow i
amended guidance was $442.4 million as of January 1, 2015 and is reflected as Cash Relinquished with Deconsolidation a
Partnership in the Consolidated Statements of Cash Flows. Adoption of the amended guidance had no impact on Net Incor
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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

In April 2015, the FASB issued amended guidance to simplify the presentation of debt issuance costs. The amendments re
costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amoun
than as an Other Asset, consistent with debt discounts. The amendments are effective for fiscal years beginning after Dece
periods within those years. Early adoption is permitted for financial statements that have not previously been issued. The P
guidance as of June 30, 2015 and applied the guidance retrospectively. Adoption of the amended guidance did not have a r
Blackstone s financial statements.

In August 2015, the FASB issued clarifying guidance on the presentation and subsequent measurement of debt issuance co
of credit arrangements. An entity may defer and present debt issuance costs as assets and subsequently amortize the deferr
ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the
The guidance is effective immediately. Adoption of the guidance did not have a material impact on Blackstone s consolid

In May 2015, the FASB issued amended guidance on the disclosures for investments in certain entities that calculate NAV
equivalent). The amendments remove the requirement to categorize within the fair value hierarchy all investments for whi
using the NAV per share practical expedient. The amendments also remove the requirement to make certain disclosures fo
eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to i
entity has elected to measure the fair value using that practical expedient.

The guidance is effective for fiscal years beginning after December 15, 2015 and for interim periods within those years. Ea
Blackstone adopted the guidance for the quarter ended June 30, 2015 and applied the guidance retrospectively. Adoption o
a material impact on Blackstone s financial statements.

3. GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill was $1.7 billion and $1.8 billion as of December 31, 2015 and 2014, respectively. At Octo
goodwill balance of $68.9 million attributable to the Financial Advisory segment was transferred to PJT Partners Inc. at th
2015 and 2014, the Partnership determined there was no evidence of Goodwill impairment.

At December 31, 2015, goodwill has been allocated to each of the Partnership s four segments as follows: Private Equity
($421.7 million), Hedge Fund Solutions ($172.1 million), and Credit ($346.4 million). At December 31, 2014, goodwill ha
the Partnership s historical segments as follows: Private Equity ($778.3 million), Real Estate ($421.7 million), Hedge Fu
Credit ($346.4 million), and Financial Advisory ($68.9 million).

Intangible Assets, Net consists of the following:

	D 2015
Finite-Lived Intangible Assets / Contractual Rights	$ 1,424,22
Accumulated Amortization	(1,078,67
Intangible Assets, Net	$ 345,54

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Changes in the Partnership s Intangible Assets, Net consists of the following:

	Year Ended De	
	2015	201
Balance, Beginning of Year	$ 458,833	$ 560
Amortization Expense	(101,437)	(101
Acquisitions		
Intangibles Transferred to PJT Partners Inc. at Spin-Off	(11,849)	
Balance, End of Year	$ 345,547	$ 458

Amortization of Intangible Assets held at December 31, 2015 is expected to be $82.9 million, $43.9 million, $43.8 million
million for each of the years ending December 31, 2016, 2017, 2018, 2019, and 2020, respectively. Blackstone s intangib
2015 are expected to amortize over a weighted-average period of 6.4 years.

4. INVESTMENTS

Investments consist of the following:

	D
	2015
Investments of Consolidated Blackstone Funds	$ 4,613,94
Equity Method Investments	3,110,81
Blackstone s Treasury Cash Management Strategies	1,682,25
Performance Fees	4,757,93
Other Investments	159,15
	$ 14,324,09

Blackstone s share of Investments of Consolidated Blackstone Funds totaled $451.9 million and $704.9 million at Decem
December 31, 2014, respectively.

Investments of Consolidated Blackstone Funds

The following table presents the Realized and Net Change in Unrealized Gains (Losses) on investments held by the consol
and a reconciliation to Other Income Net Gains from Fund Investment Activities in the Consolidated Statements of Ope

Year
2015

Realized Gains	$ 223,078
Net Change in Unrealized (Losses)	(161,398)
Realized and Net Change in Unrealized Gains from Blackstone Funds	61,680
Interest and Dividend Revenue Attributable to Consolidated Blackstone Funds	114,684
Other Income Net Gains from Fund Investment Activities	$ 176,364

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Equity Method Investments

Blackstone s equity method investments include its investments in private equity funds, real estate funds, funds of hedge funds and other proprietary investments, which are not consolidated but in which the Partnership exerts significant influen

Blackstone evaluates each of its equity method investments to determine if any were significant as defined by guidance fro Securities and Exchange Commission. As of and for the years ended December 31, 2015, 2014 and 2013, no individual eq by Blackstone met the significance criteria. As such, Blackstone is not required to present separate financial statements fo investments.

Blackstone holds a 40% non-controlling equity interest in Pátria Investments Limited and Pátria Investimentos Ltda. (coll accounts for this interest using the equity method of accounting.

The Partnership recognized net gains related to its equity method investments of $82.2 million, $297.9 million and $591.9 December 31, 2015, 2014 and 2013, respectively.

The summarized financial information of the Partnership s equity method investments for December 31, 2015 are as follo

	December 31, 2015 and the Year Then End			
	Private Equity	Real Estate	Hedge Fund Solutions	Credit
Statement of Financial Condition				
Assets				
Investments	$ 48,210,598	$ 61,971,919	$ 21,858,491	$ 16,136,543
Other Assets	1,041,591	6,210,557	1,927,535	1,174,601
Total Assets	$ 49,252,189	$ 68,182,476	$ 23,786,026	$ 17,311,144
Liabilities and Partners Capital				
Debt	$ 2,178,261	$ 5,562,806	$ 275,068	$ 2,086,670
Other Liabilities	1,315,572	1,573,370	1,462,072	956,305
Total Liabilities	3,493,833	7,136,176	1,737,140	3,042,975
Partners Capital	45,758,356	61,046,300	22,048,886	14,268,169
Total Liabilities and Partners Capital	$ 49,252,189	$ 68,182,476	$ 23,786,026	$ 17,311,144
Statement of Operations				
Interest Income	$ 384,174	$ 361,249	$ 170	$ 533,591
Other Income	8,506	1,313,956	35,112	49,042
Interest Expense	(33,416)	(91,985)	(3,228)	(61,971)
Other Expenses	(278,911)	(355,617)	(125,393)	(167,385)
Net Realized and Unrealized Gain from Investments	3,272,934	3,740,127	449,930	(954,692)

Net Income	$ 3,353,287	$ 4,967,730	$ 356,591	$ (601,415)

(a) Other represents the summarized financial information of equity method investments whose results, for segment rep been allocated across more than one of Blackstone s segments.

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The summarized financial information of the Partnership s equity method investments for December 31, 2014 are as follo

	December 31, 2014 and the Year Then End			
	Private Equity	Real Estate	Hedge Fund Solutions	Credit
Statement of Financial Condition				
Assets				
Investments	$ 43,005,350	$ 59,117,360	$ 15,947,483	$ 14,611,539
Other Assets	667,131	3,213,450	1,411,406	1,751,967
Total Assets	$ 43,672,481	$ 62,330,810	$ 17,358,889	$ 16,363,506
Liabilities and Partners Capital				
Debt	$ 836,667	$ 3,645,998	$ 20,550	$ 1,254,774
Other Liabilities	100,362	617,101	919,013	827,469
Total Liabilities	937,029	4,263,099	939,563	2,082,243
Partners Capital	42,735,452	58,067,711	16,419,326	14,281,263
Total Liabilities and Partners Capital	$ 43,672,481	$ 62,330,810	$ 17,358,889	$ 16,363,506
Statement of Operations				
Interest Income	$ 406,255	$ 260,683	$ 483	$ 567,008
Other Income	21,305	1,030,685	125,441	52,207
Interest Expense	(61,855)	(89,842)	(271)	(86,957)
Other Expenses	(97,073)	(249,095)	(103,787)	(177,968)
Net Realized and Unrealized Gain from Investments	8,567,193	10,441,009	547,982	643,080
Net Income	$ 8,835,825	$ 11,393,440	$ 569,848	$ 997,370

(a) Other represents the summarized financial information of equity method investments whose results, for segment rep been allocated across more than one of Blackstone s segments.

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The summarized financial information of the Partnership s equity method investments for December 31, 2013 are as follo

	December 31, 2013 and the Year Then End			
	Private Equity	Real Estate	Hedge Fund Solutions	Credit
Statement of Financial Condition				
Assets				
Investments	$ 35,516,755	$ 57,053,881	$ 11,529,163	$ 12,150,918
Other Assets	389,265	3,441,977	1,114,404	2,678,742
Total Assets	$ 35,906,020	$ 60,495,858	$ 12,643,567	$ 14,829,660
Liabilities and Partners Capital				
Debt	$ 1,691,018	$ 3,013,762	$ 63,830	$ 1,165,405
Other Liabilities	54,909	886,445	689,964	1,131,557
Total Liabilities	1,745,927	3,900,207	753,794	2,296,962
Partners Capital	34,160,093	56,595,651	11,889,773	12,532,698
Total Liabilities and Partners Capital	$ 35,906,020	$ 60,495,858	$ 12,643,567	$ 14,829,660
Statement of Operations				
Interest Income	$ 294,171	$ 140,879	$ 224	$ 630,902
Other Income	10,580	752,184	89,632	30,937
Interest Expense	(37,846)	(51,544)	(310)	(68,973)
Other Expenses	(88,957)	(108,580)	(71,326)	(105,706)
Net Realized and Unrealized Gain from Investments	9,002,197	13,225,141	1,127,173	1,979,078
Net Income	$ 9,180,145	$ 13,958,080	$ 1,145,393	$ 2,466,238

(a) Other represents the summarized financial information of equity method investments whose results, for segment rep been allocated across more than one of Blackstone s segments.

Blackstone s Treasury Cash Management Strategies

The portion of Blackstone s Treasury Cash Management Strategies included in Investments represents the Partnership s government, other investment and non-investment grade securities and other investments. These strategies are primarily m institutions. The following table presents the realized and net change in unrealized gains (losses) on investments held by B Management Strategies:

	Year Ended	
	2015	20
Realized Gains (Losses)	$ (15,525)	$ 11
Net Change in Unrealized Gains (Losses)	(35,709)	2
	$ (51,234)	$ 13

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Performance Fees

Performance Fees allocated to the general partner in respect of performance of certain Carry Funds, funds of hedge funds a
were as follows:

	Private Equity	Real Estate	Hedge Fund Solutions	
Performance Fees, December 31, 2014	$ 2,215,584	$ 3,721,751	$ 15,031	$
Performance Fees Allocated as a Result of Changes in Fund Fair Values	757,001	1,026,731	27,916	
Foreign Exchange Gain (Loss)		(48,363)		
Fund Distributions	(1,493,142)	(1,598,431)	(33,200)	
Performance Fees, December 31, 2015	$ 1,479,443	$ 3,101,688	$ 9,747	$

Other Investments

Other Investments consist primarily of proprietary investment securities held by Blackstone. The following table presents
change in unrealized gains (losses) in other investments:

	Year Endo	
	2015	
Realized Gains	$ 80	$
Net Change in Unrealized (Losses)	(4,079)	
	$ (3,999)	$

5. NET ASSET VALUE AS FAIR VALUE

A summary of fair value by strategy type alongside the remaining unfunded commitments and ability to redeem such inve
2015 is presented below:

Strategy	Fair Value	Unfunded Commitments	Rec Fr cu e
Diversified Instruments	$ 157,837	$ 148	
Credit Driven	265,735	268	

Event Driven	64,513	
Equity	252	
Commodities	2,105	
	$ 490,442	$ 416

(a) Diversified Instruments include investments in funds that invest across multiple strategies. Investments representing investments in this category may not be redeemed at, or within three months of, the reporting date. The remaining 9 category are redeemable as of the reporting date.

(b) The Credit Driven category includes investments in hedge funds that invest primarily in domestic and international representing 34% of the fair value of the investments in this category may not

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be redeemed at, or within three months of, the reporting date. Investments representing 63% of the fair value of the i are redeemable as of the reporting date. Investments representing 3% of the total fair value in the credit driven categ redemption restrictions such as the investee fund manager s ability to limit the amount of redemptions.

(c) The Event Driven category includes investments in hedge funds whose primary investing strategy is to identify certa Withdrawals are generally not permitted for the investments in this category. Distributions will be received as the ur liquidated.

(d) The Equity category includes investments in hedge funds that invest primarily in domestic and international equity s generally not permitted for the investments in this category. Distributions will be received as the underlying investm

(e) The Commodities category includes investments in commodities-focused funds that primarily invest in futures and p driven strategies. Withdrawals are generally not permitted for the investments in this category. Distributions will be investments are liquidated.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Blackstone and the Blackstone Funds enter into derivative contracts in the normal course of business to achieve certain ris and for general investment purposes. Blackstone may enter into derivative contracts in order to hedge its interest rate risk of interest rate changes. Additionally, Blackstone may also enter into derivative contracts in order to hedge its foreign cur the effects of a portion of its non-U.S. dollar denominated currency net investments. As a result of the use of derivative co consolidated Blackstone Funds are exposed to the risk that counterparties will fail to fulfill their contractual obligations. T risk, Blackstone and the consolidated Blackstone Funds enter into contracts with certain major financial institutions, all of grade ratings. Counterparty credit risk is evaluated in determining the fair value of derivative instruments.

Net Investment Hedges

To manage the potential exposure from adverse changes in currency exchange rates arising from Blackstone s net investm during December 2014, Blackstone entered into several foreign currency forward contracts to hedge a portion of the net in non-U.S. dollar denominated foreign operations.

Blackstone uses foreign currency forward contracts to hedge portions of Blackstone s net investments in foreign operatio to change in fair value attributable to changes in spot exchange rates on foreign currency derivatives designated as net inv recognized in Other Comprehensive Income (Loss), Net of Tax Currency Translation Adjustment. For the year ended D resulting gain was $6.7 million.

Freestanding Derivatives

Freestanding derivatives are instruments that Blackstone and certain of the consolidated Blackstone Funds have entered in risk management and investment strategies. These derivative contracts are not designated as hedging instruments for acco contracts may include interest rate swaps, foreign exchange contracts, equity swaps, options, futures and other derivative c

In June 2012, Blackstone removed the fair value hedge designation of its interest rate swaps that were previously used to h interest rate risk on the Partnership s fixed rate borrowings. Changes in the fair value of the interest rate swaps subsequen are reflected within Freestanding Derivatives within Interest Rate Contracts in the table below.

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Notes to Consolidated Financial Statements Continued

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The table below summarizes the aggregate notional amount and fair value of the derivative financial instruments. The noti absolute value amount of all outstanding derivative contracts.

	December 31, 2015				Decem	
	Assets		Liabilities		Assets	
	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value
Net Investment Hedges						
Foreign Currency Contracts	$ 53,627	$ 319	$ 138	$ 1	$ 62,078	$ 52
Freestanding Derivatives						
Blackstone Other						
Interest Rate Contracts	1,681,533	2,212	1,054,465	4,288	223,886	40
Foreign Currency Contracts	158,684	2,088	271,891	2,042	192,163	2,79
Credit Default Swaps			19,250	2,411	19,500	8
Consolidated Blackstone Funds						
Foreign Currency Contracts	124,595	1,400	92,094	6,490	199,364	8,91
Interest Rate Contracts					22,659	2,28
Credit Default Swaps			108,786	6,275		
	1,964,812	5,700	1,546,486	21,506	657,572	14,48
Total	$ 2,018,439	$ 6,019	$ 1,546,624	$ 21,507	$ 719,650	$ 15,00

The table below summarizes the impact to the Consolidated Statements of Operations from derivative financial instrument

	Yea
	2015
Net Investment Hedges Foreign Currency Contracts	
Hedge Ineffectiveness	$ 283
Freestanding Derivatives	
Realized Gains (Losses)	
Interest Rate Contracts	$ (8,716
Foreign Currency Contracts	12,828
Credit Default Swaps	2,336
Total	$ 6,448
Net Change in Unrealized Gains (Losses)	
Interest Rate Contracts	$ 3,933
Foreign Currency Contracts	(7,930)
Credit Default Swaps	(7,518)

Total	$ (11,515

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Since the inception of the above mentioned fair value hedge designation, Blackstone recognized a $64.2 million increase i
hedged borrowing. This basis adjustment is being accreted using the effective interest method through August 15, 2019, th
hedged borrowing.

As of December 31, 2015, 2014 and 2013, the Partnership had not designated any derivatives as cash flow hedges.

7. FAIR VALUE OPTION

The following table summarizes the financial instruments for which the fair value option has been elected:

	I 2015
Assets	
Loans and Receivables	$ 261,9
Debt Securities	15,1
Equity and Preferred Securities	280,8
Assets of Consolidated CLO Vehicles	
Corporate Loans	3,087,5
Corporate Bonds	379,0
Other	
	$ 4,024,6
Liabilities	
Liabilities of Consolidated CLO Vehicles	
Senior Secured Notes	$ 3,225,0
Subordinated Notes	98,3
	$ 3,323,4

The following table presents the realized and net change in unrealized gains (losses) on financial instruments on which the
elected:

	Year Ended December 31,			
	2015		2014	
	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)
Assets				
Loans and Receivables	$	$ (4,793)	$ (1,703)	$ (3,022)
Debt Securities		(426)		

Equity and Preferred Securities	(300)	(17,269)	(2,038)	6,885
Assets of Consolidated CLO Vehicles				
Corporate Loans	(1,895)	(36,502)	(77,041)	(28,054)
Corporate Bonds	(551)	1,188	(1,405)	(7,931)
Other	4,431	(3,589)	22,625	17,649
	$ 1,685	$ (61,391)	$ (59,562)	$ (14,473)
Liabilities				
Liabilities of Consolidated CLO Vehicles				
Senior Secured Notes	$	$	$ (6,626)	$ (133,274)
Subordinated Notes		57,119		108,611
	$	$ 57,119	$ (6,626)	$ (24,663)

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table presents information for those financial instruments for which the fair value option was elected:

	December 31, 2015			Dece
		For Financial Assets Past Due (a)		
	(Deficiency) of Fair Value Over Principal	Fair Value	(Deficiency) of Fair Value Over Principal	(Deficiency) of Fair Value Over Principal
Loans and Receivables	$ (8,845)	$	$	$ (5,323)
Debt Securities	(426)			
Assets of Consolidated CLO Vehicles				
Corporate Loans	(77,900)	1,088	(5,620)	(197,580)
Corporate Bonds	(6,046)			(7,814)
	$ (93,217)	$ 1,088	$ (5,620)	$ (210,717)

(a) Corporate Loans and Corporate Bonds within CLO assets are classified as past due if contractual payments are more As of December 31, 2015 and 2014, no Loans and Receivables for which the fair value option was elected were past due o of December 31, 2015, no Corporate Bonds included within the Assets of Consolidated CLO Vehicles for which the fair v past due or in non-accrual status.

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

8. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following tables summarize the valuation of the Partnership s financial assets and liabilities by the fair value hierarch

			December 31, 2015
	Level I	Level II	Level III
Assets			
Investments of Consolidated Blackstone Funds (a)			
Investment Funds	$	$	$
Equity Securities	82,734	53,250	80,849
Partnership and LLC Interests		101,399	472,391
Debt Instruments		179,465	20,381
Assets of Consolidated CLO Vehicles			
Corporate Loans		2,886,792	200,771
Corporate Bonds		379,000	
Freestanding Derivatives Foreign Currency Contracts		1,400	
Total Investments of Consolidated Blackstone Funds	82,734	3,601,306	774,392
Blackstone s Treasury Cash Management Strategies			
Equity Securities	240,464		
Debt Instruments		1,069,915	54,657
Other			
Total Blackstone s Treasury Cash Management Strategies	240,464	1,069,915	54,657
Money Market Funds	460,233		
Net Investment Hedges Foreign Currency Contracts		319	
Freestanding Derivatives			
Interest Rate Contracts	1,806	406	
Foreign Currency Contracts		2,088	
Loans and Receivables			261,994
Other Investments	40,261		101,184
	$ 825,498	$ 4,674,034	$ 1,192,227

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

		Decem
	Level I	**Level II**
Liabilities		
Liabilities of Consolidated CLO Vehicles (a)		
Senior Secured Notes (b)	$	$ 3,225,064
Subordinated Notes (b)		98,371
Freestanding Derivatives Foreign Currency Contracts		6,490
Freestanding Derivatives Credit Default Swaps		6,275
Net Investment Hedges Foreign Currency Contracts		1
Freestanding Derivatives		
Interest Rate Contracts	835	3,453
Foreign Currency Contracts		2,042
Credit Default Swaps		2,411
Securities Sold, Not Yet Purchased		176,667
	$ 835	$ 3,520,774

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

			December 31, 2014	
	Level I	Level II	Level III	
Assets				
Investments of Consolidated Blackstone Funds (a)				
Investment Funds	$	$	$	$ 1
Equity Securities	58,934	114,115	179,311	
Partnership and LLC Interests		187,140	1,496,422	
Debt Instruments		1,502,314	105,970	
Assets of Consolidated CLO Vehicles				
Corporate Loans		5,691,517	588,075	
Corporate Bonds		292,690		
Freestanding Derivatives Foreign Currency Contracts		8,915		
Freestanding Derivatives Interest Rate Contracts		2,281		
Other	13	19,455	25,045	
Total Investments of Consolidated Blackstone Funds	58,947	7,818,427	2,394,823	1
Blackstone s Treasury Cash Management Strategies				
Investment Funds	307,111			
Equity Securities	71,746			
Debt Instruments		1,090,794	84,894	
Other				
Total Blackstone s Treasury Cash Management Strategies	378,857	1,090,794	84,894	
Money Market Funds	198,278			
Net Investment Hedges Foreign Currency Contracts		523		
Freestanding Derivatives				
Interest Rate Contracts	263	144		
Foreign Currency Contracts		2,798		
Credit Default Swaps		85		
Loans and Receivables			40,397	
Other Investments	31,731	436	104,491	
	$ 668,076	$ 8,913,207	$ 2,624,605	$ 1

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 3		
	Level I	Level II	
Liabilities			
Liabilities of Consolidated CLO Vehicles (a)			
Senior Secured Notes (b)	$	$	$
Subordinated Notes (b)			
Freestanding Derivatives Foreign Currency Contracts		21,875	
Freestanding Derivatives Credit Default Swaps		2,514	
Freestanding Derivatives			
Interest Rate Contracts	1,357	3,233	
Foreign Currency Contracts		681	
Credit Default Swaps		868	
Securities Sold, Not Yet Purchased		85,878	
	$ 1,357	$ 115,049	$

(a) Pursuant to GAAP consolidation guidance, the Partnership is required to consolidate all VIEs in which it has been id beneficiary, including certain CLO vehicles, and other funds in which a consolidated entity of the Partnership, as the is presumed to have control. While the Partnership is required to consolidate certain funds, including CLO vehicles, Partnership has no ability to utilize the assets of these funds and there is no recourse to the Partnership for their liabi assets and liabilities.

(b) Senior and subordinate notes issued by CLO vehicles are classified based on the more observable fair value of CLO of any beneficial interests held by Blackstone, and (b) the carrying value of any beneficial interests that represent co

The following table summarizes the fair value transfers between Level I and Level II for positions that existed as of Decem respectively:

	Year 201
Transfers from Level I into Level II (a)	$
Transfers from Level II into Level I (b)	$ 32,(

(a) Transfers out of Level I represent those financial instruments for which restrictions exist and adjustments were made price to reflect fair value at the reporting date.

(b) Transfers into Level I represent those financial instruments for which an unadjusted quoted price in an active marke identical asset.

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair
December 31, 2015:

	Fair Value	Valuation Techniques	Unobservable Inputs	
Financial Assets				
Investments of Consolidated Blackstone Funds				
Equity Securities	$ 66,962	Discounted Cash Flows	Discount Rate	7.
			Revenue CAGR	-5
			Exit Multiple - EBITDA	5.
			Exit Multiple - P/E	10
			Exit Capitalization Rate	5.
	5,426	Other	N/A	N
	6,722	Transaction Price	N/A	N
	1,710	Market Comparable Companies	EBITDA Multiple	6.
			Book Value Multiple	0.
	29	Third Party Pricing	N/A	N
Partnership and LLC Interests	423,588	Discounted Cash Flows	Discount Rate	2.
			Revenue CAGR	-2
			Exit Multiple - EBITDA	0.
			Exit Multiple - P/E	9.
			Exit Capitalization Rate	2.
	30,437	Transaction Price	N/A	N
	16,963	Third Party Pricing	N/A	N
	1,403	Other	N/A	N
Debt Instruments	16,217	Third Party Pricing	N/A	N
	4,086	Discounted Cash Flows	Discount Rate	6.
			Revenue CAGR	1(
			Exit Multiple - EBITDA	12
			Exit Capitalization Rate	1.
	78	Transaction Price	N/A	N
Assets of Consolidated CLO Vehicles	180,988	Third Party Pricing	N/A	N
	19,783	Market Comparable Companies	EBITDA Multiple	4.
Total Investments of Consolidated Blackstone Funds	774,392			

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Fair Value	Valuation Techniques	Unobservable Inputs	
Blackstone s Treasury Cash Management Strategies	$ 32,004	Discounted Cash Flows	Default Rate	1.0
			Recovery Rate	30.0
			Recovery Lag	12 r
			Pre-payment Rate	20.0
			Reinvestment Rate	LIB
			Discount Rate	5.8
	22,653	Third Party Pricing	N/A	N/A
Loans and Receivables	241,897	Discounted Cash Flows	Discount Rate	6.7
	20,097	Third Party Pricing	N/A	N/A
Other Investments	81,984	Discounted Cash Flows	Discount Rate	1.4
			Default Rate	2.0
			Recovery Rate	70.0
			Recovery Lag	12 r
			Pre-payment Rate	20.0
			Reinvestment Rate	LIB
	19,200	Transaction Price	N/A	N/A
Total	$ 1,192,227			

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair
December 31, 2014:

	Fair Value	Valuation Techniques	Unobservable Inputs	
Financial Assets				
Investments of Consolidated Blackstone Funds				
Equity Securities	$ 106,727	Discounted Cash Flows	Discount Rate	8.4
			Revenue CAGR	0.7
			Exit Multiple - EBITDA	5.0
			Exit Multiple - P/E	10
	67,706	Transaction Price	N/A	N/
	163	Market Comparable Companies	EBITDA Multiple	6.7
	45	Third Party Pricing	N/A	N/
	4,670	Other	N/A	N/
Partnership and LLC Interests	485,748	Discounted Cash Flows	Discount Rate	4.4
			Revenue CAGR	-4.
			Exit Multiple - EBITDA	1.0
			Exit Capitalization Rate	2.0
	996,199	Transaction Price	N/A	N/
	13,793	Third Party Pricing	N/A	N/
	682	Other	N/A	N/
Debt Instruments	9,570	Discounted Cash Flows	Discount Rate	8.8
			Revenue CAGR	4.7
			Exit Multiple - EBITDA	5.9
			Exit Capitalization Rate	1.0
			Default Rate	2%
			Recovery Rate	30
			Recovery Lag	12
			Pre-payment Rate	20
			Reinvestment Rate	LI
	95,542	Third Party Pricing	N/A	N/
	686	Transaction Price	N/A	N/
	172	Market Comparable Companies	EBITDA Multiple	6.6
Assets of Consolidated CLO Vehicles	318,636	Third Party Pricing	N/A	N/
	290,658	Market Comparable Companies	EBITDA Multiple	3.8
	3,826	Discounted Cash Flows	Discount Rate	8.0
Total Investments of Consolidated Blackstone Funds	2,394,823			

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Fair Value	Valuation Techniques	Unobservable Inputs	
Blackstone s Treasury Cash Management Strategies	$ 26,167	Discounted Cash Flows	Default Rate	1.0
			Recovery Rate	30.0
			Recovery Lag	12 r
			Pre-payment Rate	30.0
			Reinvestment Rate	LIB
			Discount Rate	5.8
	54,257	Third Party Pricing	N/A	N/A
	4,470	Transaction Price	N/A	N/A
Loans and Receivables	26,247	Discounted Cash Flows	Discount Rate	10.5
	14,150	Transaction Price	N/A	N/A
Other Investments	11,887	Transaction Price	N/A	N/A
	92,604	Discounted Cash Flows	Discount Rate	1.3
			Default Rate	2.0
			Recovery Rate	30.0
			Recovery Lag	12 r
			Pre-payment Rate	20.0
			Reinvestment Rate	LIB
Total	$ 2,624,605			
Financial Liabilities				
Liabilities of Consolidated CLO Vehicles	$ 6,797,104	Discounted Cash Flows	Default Rate	2.0
			Recovery Rate	30.0
			Recovery Lag	12 r
			Pre-payment Rate	20.0
			Discount Rate	0.3
			Reinvestment Rate	LIB

N/A	Not applicable.
CAGR	Compound annual growth rate.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Exit Multiple	Ranges include the last twelve months EBITDA, forward EBITDA and price/earnings exit multi
Third Party Pricing	Third Party Pricing is generally determined on the basis of prices between market participants pr or pricing services.
(a)	Unobservable inputs were weighted based on the fair value of the investments included in the ra

The significant unobservable inputs used in the fair value measurement of the Blackstone s Treasury Cash Management S other investments and liabilities of consolidated CLO vehicles are discount rates, default rates, recovery rates, recovery la reinvestment rates. Increases (decreases) in any of the discount rates, default rates, recovery lag and pre-payment rates in i lower (higher) fair value measurement. Increases (decreases) in any of the recovery rates and reinvestment rates in isolatio (lower) fair value measurement. Generally, a change in the assumption used for default rates may be accompanied by a di the assumption used for recovery lag and a directionally opposite change in the assumption used for recovery rates and pre

The significant unobservable inputs used in the fair value measurement of equity securities, partnership and LLC interests consolidated CLO vehicles and loans and receivables are discount rates, exit capitalization rates, exit multiples, EBITDA compound annual growth rates. Increases (decreases) in any of discount rates and exit capitalization rates in isolation can

value measurement. Increases (decreases) in any of exit multiples and revenue compound annual growth rates in isolation
(lower) fair value measurement.

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Since December 31, 2014, there have been no changes in valuation techniques within Level II and Level III that have had
valuation of financial instruments.

The following tables summarize the changes in financial assets and liabilities measured at fair value for which the Partners
inputs to determine fair value and does not include gains or losses that were reported in Level III in prior years or for instr
out of Level III prior to the end of the respective reporting period. Total realized and unrealized gains and losses recorded
reported in Investment Income (Loss) and Net Gains (Losses) from Fund Investment Activities in the Consolidated Statem

	Level III Financial Assets at Fair Value Year Ended December 31,					
	2015				201	
	Investments of Consolidated Funds	Loans and Receivables	Other Investments (c)	Total	Investments of Consolidated Funds	Loans and Receivables
Balance, Beginning of Period (a)	$ 2,394,823	$ 40,397	$ 189,385	$ 2,624,605	$ 2,460,907	$ 137,788
Transfer In Due to Consolidation and Acquisition (d)					205,890	
Transfer Out Due to Deconsolidation	(1,460,538)			(1,460,538)	(335,357)	
Transfer In to Level III (b)	47,097		31,479	78,576	570,902	
Transfer Out of Level III (b)	(195,422)		(58,158)	(253,580)	(358,406)	
Purchases	328,237	233,693	47,978	609,908	910,440	192,568
Sales	(383,302)	(9,535)	(40,000)	(432,837)	(1,211,216)	(284,920)
Settlements		(4,435)	(465)	(4,900)		(1,170)
Changes in Gains (Losses) Included in Earnings and Other Comprehensive Income	43,497	1,874	(14,378)	30,993	151,663	(3,869)
Balance, End of Period	$ 774,392	$ 261,994	$ 155,841	$ 1,192,227	$ 2,394,823	$ 40,397
Changes in Unrealized Gains (Losses) Included in Earnings Related to Investments Still Held at the Reporting Date	$ (5,333)	$ 1,745	$ (3,624)	$ (7,212)	$ 43,450	$ (4,048)

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Notes to Consolidated Financial Statements Continued

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	Level III Financial Liabilities at Fair Value Year Ended December 31,				
	2015				
	Collateralized Loan Obligations Senior Notes	Collateralized Loan Obligations Subordinated Notes	Total	Collateralized Loan Obligations Senior Notes	Coll Ob Sub
Balance, Beginning of Period	$ 6,448,352	$ 348,752	$ 6,797,104	$ 8,302,572	$
Transfer In Due to Consolidation and Acquisition (d)				1,990,703	
Transfer Out Due to Deconsolidation	(4,168,405)	(261,934)	(4,430,339)	(2,231,852)	
Transfer Out Due to Amended CLO Guidance (e)	(2,279,947)	(86,818)	(2,366,765)		
Issuances				557,780	
Settlements				(1,807,845)	
Changes in (Gains) Losses Included in Earnings and Other Comprehensive Income				(363,006)	
Balance, End of Period	$	$	$	$ 6,448,352	$
Changes in Unrealized (Gains) Losses Included in Earnings Related to Liabilities Still Held at the Reporting Date	$	$	$	$ 127,011	$

(a) Beginning of period 2015 balances have been adjusted to remove investments for which fair value is based on NAV value guidance, disclosure in the fair value hierarchy is no longer required.

(b) Transfers in and out of Level III financial assets and liabilities were due to changes in the observability of inputs use assets and liabilities.

(c) Represents Blackstone s Treasury Cash Management Strategies and Other Investments.

(d) Represents the transfer into Level III of financial assets and liabilities as a result of the consolidation of certain fund

(e) Transfers out due to amended CLO measurement guidance represents the transfer out of Level III for liabilities of co which fair value is based on the more observable fair value of CLO assets. Such liabilities are classified as Level II v hierarchy.

9. VARIABLE INTEREST ENTITIES

Pursuant to GAAP consolidation guidance, the Partnership consolidates certain VIEs in which it is determined that the Par beneficiary either directly or indirectly, through a consolidated entity or affiliate. VIEs include certain private equity, real funds of hedge funds entities and CLO vehicles. The purpose of such VIEs is to provide strategy specific investment oppo exchange for management and performance based fees. The investment strategies of the Blackstone Funds differ by produ fundamental risks of the Blackstone Funds have similar characteristics, including loss of invested capital and loss of mana performance based fees. In Blackstone s role as general partner, collateral manager or investment adviser, it generally con the applicable Blackstone Fund. The Partnership does not provide performance guarantees and has no other financial oblig consolidated VIEs other than its own capital commitments.

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(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The assets of consolidated variable interest entities may only be used to settle obligations of these consolidated Blackstone
no recourse to the Partnership for the consolidated VIEs liabilities including the liabilities of the consolidated CLO vehic

The Partnership holds variable interests in certain VIEs which are not consolidated as it is determined that the Partnership
beneficiary. The Partnership s involvement with such entities is in the form of direct equity interests and fee arrangement
loss represents the loss of assets recognized by Blackstone relating to non-consolidated entities, any amounts due to non-c
clawback obligation relating to previously distributed Carried Interest. The assets and liabilities recognized in the Partners
Statements of Financial Condition related to the Partnership s interest in these non-consolidated VIEs and the Partnership
relating to non-consolidated VIEs were as follows:

	2015
Investments	$ 466,6
Accounts Receivable	11,7
Due from Affiliates	51,0
Total VIE Assets	529,4
Due to Affiliates	5
Accounts Payable, Accrued Expenses and Other Liabilities	
Potential Clawback Obligation	73,4
Maximum Exposure to Loss	$ 603,5

10. REVERSE REPURCHASE AND REPURCHASE AGREEMENTS

At December 31, 2015, the Partnership received securities, primarily U.S. and non-U.S. government and agency securities
corporate debt, with a fair value of $203.9 million as collateral for reverse repurchase agreements that could be repledged,
Securities with a fair value of $99.3 million were used to cover Securities Sold, Not Yet Purchased. The Partnership also p
carrying value of $64.5 million and cash to collateralize its repurchase agreements. Such securities can be repledged, deliv
the counterparty.

At December 31, 2014, the Partnership pledged securities with a carrying value of $44.8 million and cash to collateralize i
Such securities can be repledged, delivered or otherwise used by the counterparty.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table provides information regarding the Partnership s Repurchase Agreements obligation by type of collat

	December 31, 2015			
		Remaining Contractual Maturity of the Agre		
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater t 90 day
Repurchase Agreements				
U.S. Treasury and Agency Securities	$ 970	$	$	$
Asset-Backed Securities		39,959		
Total	$ 970	$ 39,959	$	$
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 12. Offsetting of Assets and Liabilities				
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 12. Offsetting of Assets and Liabilities				

11. OTHER ASSETS AND ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

Other Assets consists of the following:

	2015
Furniture, Equipment and Leasehold Improvements	$ 317,49
Less: Accumulated Depreciation	(181,9
Furniture, Equipment and Leasehold Improvements, Net	135,54
Prepaid Expenses	190,24
Other Assets	46,78
Freestanding Derivatives	4,30
Net Investment Hedges	3
	$ 377,18

Depreciation expense of $26.0 million, $28.6 million and $33.6 million related to furniture, equipment and leasehold impr ended December 31, 2015, 2014 and 2013, respectively, is included in General, Administrative and Other in the Consolida Operations.

Accounts Payable, Accrued Expenses and Other Liabilities includes $53.7 million and $97.8 million as of December 31, 2 relating to redemptions that were legally payable to investors of the consolidated Blackstone Funds and $187.7 million and

respectively, of payables relating to unsettled purchases.

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

12. OFFSETTING OF ASSETS AND LIABILITIES

The following tables present the offsetting of assets and liabilities as of December 31, 2015:

	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not the Statement of Fi Condition	
		Financial Instruments	Cas
Assets			
Net Investment Hedges	$ 319	$ 1	$
Freestanding Derivatives	4,300	2,149	
Reverse Repurchase Agreements	204,893	203,938	
Total	$ 209,512	$ 206,088	$

	Gross and Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not the Statement of F Condition	
		Financial Instruments	Cas
Liabilities			
Net Investment Hedges	$ 1	$ 1	$
Freestanding Derivatives	15,016	2,149	
Repurchase Agreements	40,929	40,259	
Total	$ 55,946	$ 42,409	$

The following tables present the offsetting of assets and liabilities as of December 31, 2014:

	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not the Statement of Fi Condition	
		Financial Instruments	Cash
Assets			
Net Investment Hedges	$ 523	$	$
Freestanding Derivatives	3,290	1,132	

Total	$ 3,813	$ 1,132	$

	Gross and Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of F… Condition	
		Financial Instruments	Ca…
Liabilities			
Freestanding Derivatives	$ 8,653	$ 1,132	$
Repurchase Agreements	29,907	29,438	
Total	$ 38,560	$ 30,570	$

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Reverse Repurchase Agreements and Repurchase Agreements are presented separately on the Statements of Financial Cor
Derivative assets are included in Other Assets in the Statements of Financial Condition. See Note 11. Other Assets and A
Expenses and Other Liabilities for the components of Other Assets.

Freestanding Derivative liabilities are included in Accounts Payable, Accrued Expenses and Other Liabilities in the Staten
and are not a significant component thereof.

Notional Pooling Arrangement

Blackstone has a notional cash pooling arrangement with a financial institution for cash management purposes. This arran
withdrawals based upon aggregate cash balances on deposit at the same financial institution. Cash withdrawals cannot exc
on deposit. The net balance of cash on deposit and overdrafts is used as a basis for calculating net interest expense or inco
2015, the aggregate cash balance on deposit relating to the cash pooling arrangement was $905.5 million, which was offse
overdraft of $895.9 million.

13. BORROWINGS

The Partnership borrows and enters into credit agreements for its general operating and investment purposes and certain B
meet financing needs of their operating and investing activities. Borrowing facilities have been established for the benefit
Funds. When a Blackstone Fund borrows from the facility in which it participates, the proceeds from the borrowing are str
use by the borrowing fund and not available for other Partnership purposes. The Partnership s credit facilities consist of tl

	December 31,			
	2015			
	Credit Available	Borrowing Outstanding	Weighted Average Interest Rate	Credit Available
Revolving Credit Facility (a)	$ 1,100,000	$ 6,129	0.88%	$ 1,100,000
Blackstone Issued Senior Notes (b)				
6.625%, Due 8/15/2019 (c)	585,000	585,000	6.63%	585,000
5.875%, Due 3/15/2021	400,000	400,000	5.88%	400,000
4.750%, Due 2/15/2023	400,000	400,000	4.75%	400,000
6.250%, Due 8/15/2042	250,000	250,000	6.25%	250,000
5.000%, Due 6/15/2044	500,000	500,000	5.00%	500,000
4.450%, Due 7/15/2045	350,000	350,000	4.45%	
2.000%, Due 5/19/2025	327,990	327,990	2.00%	
	3,912,990	2,819,119	5.11%	3,235,000
Blackstone Fund Facilities (d)	4,453	4,453	1.97%	6,877
CLO Vehicles (e)	3,914,326	3,914,326	1.94%	7,519,660
	$ 7,831,769	$ 6,737,898	3.26%	$ 10,761,537

(a) Blackstone, through indirect subsidiaries, has a $1.1 billion unsecured revolving credit facility (the Credit Facility as Administrative Agent with a maturity date of May 29, 2019. Interest on the

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Notes to Consolidated Financial Statements Continued

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borrowings is based on an adjusted LIBOR rate or alternate base rate, in each case plus a margin, and undrawn comm
fee. Borrowings may also be made in U.K. sterling or euros, in each case subject to certain sub-limits. The Credit Fa
representations, covenants and events of default. Financial covenants consist of a maximum net leverage ratio and a
minimum amount of fee-earning assets under management, each tested quarterly. The Borrowing Outstanding at eac
but undrawn letters of credit against the credit facility.

(b) Blackstone Holdings Finance Co. L.L.C. (the Issuer), an indirect subsidiary of the Partnership, has issued long ter
senior notes (the Notes). The Notes are unsecured and unsubordinated obligations of the Issuer. The Notes are ful
guaranteed, jointly and severally, by the Partnership, Blackstone Holdings, and the Issuer (the Guarantors). The g
unsubordinated obligations of the Guarantors. Transaction costs related to the issuance of the Notes have been capita
amortized over the life of the Notes. The indentures include covenants, including limitations on the Issuer s and the
to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their sub
consolidate or sell, transfer or lease assets. The indentures also provide for events of default and further provide that
not less than 25% in aggregate principal amount of the outstanding Notes may declare the Notes immediately due ar
occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the
bankruptcy, insolvency, receivership or reorganization, the principal amount of the Notes and any accrued and unpai
automatically become due and payable. All or a portion of the Notes may be redeemed at the Issuer s option in who
from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the Notes. If a chang
event occurs, the holders of the Notes may require the Issuer to repurchase the Notes at a repurchase price in cash eq
aggregate principal amount of the Notes repurchased plus any accrued and unpaid interest on the Notes repurchased
date of repurchase. Interest expense on the Notes was $136.5 million, $115.2 million and $96.9 million for the years
2015, December 31, 2014 and December 31, 2013, respectively.

(c) The Credit Available and Borrowing Outstanding are determined using the original $600 million par amount less $1
these notes which were acquired but not retired by Blackstone during 2012.

(d) Represents borrowing facilities for the various consolidated Blackstone Funds used to meet liquidity and investing n
under these facilities were used for bridge financing and general liquidity purposes. Other borrowings were used to f
investments with the borrowing remaining in place until the disposition or refinancing event. Such borrowings have
rolled over until the disposition or a refinancing event. Because the timing of such events is unknown and may occur
borrowings are considered short-term in nature. Borrowings bear interest at spreads to market rates. Borrowings wer
terms of each facility and are generally secured by the investment purchased with the proceeds of the borrowing and
commitment of each respective fund. Certain facilities have commitment fees. When a fund borrows, the proceeds a
that fund and are not available for the benefit of other funds. Collateral within each fund is also available only again
fund and not against the borrowings of other funds.

(e) Represents borrowings due to the holders of debt securities issued by CLO vehicles consolidated by Blackstone. Th
within Loans Payable and Due to Affiliates within the Consolidated Statements of Financial Condition.

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Notes to Consolidated Financial Statements Continued

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The following table presents the general characteristics of each of our Notes, as well as their carrying value and fair value.
Loans Payable within the Consolidated Statements of Financial Condition. All of the Notes were issued at a discount. All
from the Issue Date and all pay interest in arrears on a semi-annual basis or annual basis as indicated by the Interest Paym

				Decer	
				2015	
Senior Notes	Issue Date	Interest Payment Dates	First Interest Payment Date	Carrying Value	Fair Value (a)
6.625%, Due 8/15/2019 (c)	8/20/2009	2/15, 8/15	2/15/2010	$ 614,996	$ 665,438
5.875%, Due 3/15/2021	9/15/2010	3/15, 9/15	3/15/2011	$ 397,720	$ 458,680
4.750%, Due 2/15/2023	8/17/2012	2/15, 9/15	2/15/2013	$ 392,224	$ 430,560
6.250%, Due 8/15/2042	8/17/2012	2/15, 9/15	2/15/2013	$ 237,648	$ 297,575
5.000%, Due 6/15/2044	4/7/2014	6/15, 12/15	12/15/2014	$ 488,119	$ 515,050
4.450%, Due 7/15/2045	4/27/2015	1/15, 7/15	1/15/2016	$ 343,689	$ 332,640
2.000%, Due 5/19/2025	5/19/2015	5/19	5/19/2016	$ 322,664	$ 327,465

(a) Fair value is determined by broker quote and these notes would be classified as Level II within the fair value hierarc

(b) The carrying value has been adjusted to reflect the presentation of debt issuance costs as a direct deduction from the
periods presented in accordance with amended guidance on simplifying the presentation of such costs.

(c) The carrying and fair values are determined using the original $600 million par amount less $15 million attributable
were acquired but not retired by Blackstone during 2012.

Included within Loans Payable and Due to Affiliates within the Consolidated Statements of Financial Condition are amour
securities issued by Blackstone s consolidated CLO vehicles. Borrowings through the consolidated CLO vehicles consiste

	December 31,			
	2015			
	Borrowing Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Borrowing Outstanding
Senior Secured Notes	$ 3,687,976	1.93%	5.4	$ 6,594,266
Subordinated Notes	226,350(a)		N/A	740,050(a)
	$ 3,914,326			$ 7,334,316

(a) The Subordinated Notes do not have contractual interest rates but instead receive distributions from the excess cash

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Senior Secured Notes and Subordinated Notes comprise the following amounts:

	December 31, 2015			
		Amounts Due to Non-Consolidated Affiliates		
	Fair Value	Borrowing Outstanding	Fair Value	Fair Value
Senior Secured Notes	$ 3,225,064	$	$	$ 6,448,35
Subordinated Notes	$ 98,371	$ 10,000	$ 8,231	$ 348,75

The Loans Payable of the consolidated CLO vehicles are collateralized by assets held by each respective CLO vehicle and not be used to satisfy the liabilities of another. As of December 31, 2015 and 2014, the fair value of the consolidated CLO $8.0 billion, respectively. This collateral consisted of Cash, Corporate Loans, Corporate Bonds and other securities.

As part of Blackstone s borrowing arrangements, the Partnership is subject to certain financial and operating covenants. T compliance with all of its loan covenants as of December 31, 2015.

Scheduled principal payments for borrowings at December 31, 2015 are as follows:

	Operating Borrowings	Blackstone Fun Facilities / CLO Vehicles
2016	$	$ 4,45
2017		519,31
2018		
2019	585,000	
2020		
Thereafter	2,227,990	3,395,00
Total	$ 2,812,990	$ 3,918,77

14. INCOME TAXES

Income Before Provision for Taxes of $1.8 billion for the year ended December 31, 2015 is comprised of $1.8 billion U.S. million foreign income.

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The Provision for Taxes consists of the following:

	Year Ended D	
	2015	**201**
Current		
Federal Income Tax	$ 45,506	$ 135
Foreign Income Tax	16,769	24
State and Local Income Tax	28,137	69
	90,412	228
Deferred		
Federal Income Tax	80,307	54
Foreign Income Tax	(398)	(
State and Local Income Tax	20,077	8
	99,986	62
Provision for Taxes	$ 190,398	$ 291

The following table summarizes Blackstone s tax position:

	Year Ended Decemb	
	2015	**2014**
Income Before Provision for Taxes	$ 1,814,748	$ 3,986,726
Provision for Taxes	$ 190,398	$ 291,173
Effective Income Tax Rate	10.5%	7.3%

The following table reconciles the effective income tax rate to the U.S. federal statutory tax rate:

	Yea
	2015
Statutory U.S. Federal Income Tax Rate	35.0%
Income Passed Through to Common Unitholders and Non-Controlling Interest Holders (a)	-22.3%
Interest Expense	-4.0%
Foreign Income Taxes	-0.1%
State and Local Income Taxes	1.8%
Equity-Based Compensation	1.8%
Change in Tax Rate	
Net Unrecognized Tax Benefits	-0.2%
Non Deductible Expenses	0.2%

Tax Deductible Compensation	-1.5%
Other	-0.2%
Effective Income Tax Rate (b)	10.5%

(a) Includes income that is not taxable to the Partnership and its subsidiaries. Such income is directly taxable to the Part non-controlling interest holders.

(b) The effective tax rate is calculated on Income (Loss) Before Provision for Taxes.

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In 2013, a subsidiary of the Partnership received Letter Rulings allowing the application of New York State and New Yorl
sourcing of income of a registered securities or commodities broker resulting in a reduction to the rate of tax for 2013 and
Blackstone will pay in the future.

Deferred income taxes reflect the net tax effects of temporary differences that may exist between the carrying amounts of a
financial reporting purposes and the amounts used for income tax purposes using enacted tax rates in effect for the year in
expected to reverse. A summary of the tax effects of the temporary differences is as follows:

	I 2015
Deferred Tax Assets	
Fund Management Fees	$ 16,3
Equity-Based Compensation	57,5
Unrealized Gains from Investments	
Depreciation and Amortization	1,326,3
Net Operating Loss Carry Forward	15,8
Other	
Total Deferred Tax Assets	1,416,1
Deferred Tax Liabilities	
Unrealized Gains from Investments	105,8
Other	32,9
Depreciation and Amortization	
Total Deferred Tax Liabilities	138,7
Net Deferred Tax Assets	$ 1,277,4

As a result of the October 1, 2015 spin-off, the net deferred tax assets were reduced by $70.8 million.

Future realization of tax benefits depends on the expectation of taxable income within a period of time that the tax benefits
Partnership has recorded a significant deferred tax asset for the future amortization of tax basis intangibles acquired from t
current owners. The amortization period for these tax basis intangibles is 15 years; accordingly, the related deferred tax as
same period. The Partnership had a taxable loss of $46.3 million for the year ended December 31, 2015, which is available
carryforward to 2016. The Partnership has considered the 15 year amortization period for the tax basis intangibles and the
for its taxable loss in evaluating whether it should establish a valuation allowance.

The Partnership also considers projections of taxable income in evaluating its ability to utilize deferred tax assets. In proje
Partnership begins with historic results and incorporates assumptions of the amount of future pretax operating income. The
taxable income require significant judgment and are consistent with the plans and estimates that the Partnership uses to ma
time, the Partnership s projections of future taxable income that include the effects of originating and reversing temporary
for the tax basis intangibles, indicate that it is more likely than not that the benefits from the deferred tax asset will be reali
Partnership has determined that no valuation allowance is needed at December 31, 2015.

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Currently, the Partnership does not believe it meets the indefinite reversal criteria that would cause the Partnership to not r
liability with respect to its foreign subsidiaries. Where applicable, Blackstone will record a deferred tax liability for any ou
investment in a foreign subsidiary.

Blackstone files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course
subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2015, Blackstone
returns for the years 2012 through 2014 are open under the normal three-year statute of limitations and therefore subject to
Revenue Service completed an examination of a corporate subsidiary s 2012 U.S. federal income tax return with no chang
are generally subject to audit from 2011 through 2014. The State of New York completed an examination of the tax return
the years 2010 through 2011 with no change. The City of New York is examining certain other subsidiaries tax returns fo
2011. The Income Tax Department of the Government of India recently completed an audit of an Indian subsidiary s 201
and is examining the tax returns of the Indian subsidiaries for the years 2008 and 2009. Blackstone believes that during 20
reasonable possibility of being completed and does not expect the results of these audits to have a material impact on the c
statements.

Blackstone s unrecognized tax benefits, excluding related interest and penalties, were:

		Decem
	2015	**20**
Unrecognized Tax Benefits January 1	$ 19,836	$ 18
Additions based on Tax Positions Related to Current Year	1,031	2
Additions for Tax Positions of Prior Years		4
Reductions for Tax Positions of Prior Years	(4,032)	(2
Settlements		(1
Exchange Rate Fluctuations	(1,137)	(1
Unrecognized Tax Benefits December 31	$ 15,698	$ 19

If the above tax benefits were recognized, $15.7 million and $19.8 million for the years ended December 31, 2015 and 201
reduce the annual effective rate. Blackstone does not believe that it will have a material increase or decrease in its unrecog
coming year.

The unrecognized tax benefits are recorded in Accounts Payable, Accrued Expense and Other Liabilities in the Consolidat
Condition.

Blackstone recognizes interest and penalties accrued related to unrecognized tax positions in General, Administrative and
year ended December 31, 2015, $(0.4) million of interest expense and no penalties were accrued. During the year ended D
million of interest expense and no penalties were accrued. During the year ended December 31, 2013, $1.0 million of inter
were accrued.

Other Income Reversal of the Tax Receivable Agreement Liability

In 2015, the $82.7 million Reversal of the Tax Receivable Agreement Liability was primarily attributable to the October 1
$20.5 million Reversal of the Tax Receivable Agreement Liability resulted from the change in New York State s and Nev
the sourcing of income.

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Notes to Consolidated Financial Statements Continued

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15. NET INCOME PER COMMON UNIT

Basic and diluted net income per common unit for the years ended December 31, 2015, 2014 and 2013 was calculated as f

	Year Ended Dec			
	2015		2014	
Net Income for Per Common Unit Calculations				
Net Income Attributable to The Blackstone Group L.P., Basic	$	709,789	$	1,584
Incremental Net Income from Assumed Exchange of Blackstone Holdings Partnership Units		524,353		
Net Income Attributable to The Blackstone Group L.P., Diluted	$	1,234,142	$	1,584
Units Outstanding				
Weighted-Average Common Units Outstanding, Basic		634,337,179		608,803
Weighted-Average Unvested Deferred Restricted Common Units		2,993,398		4,373
Weighted-Average Blackstone Holdings Partnership Units		550,754,834		
Weighted-Average Common Units Outstanding, Diluted		1,188,085,411		613,176
Net Income Per Common Unit, Basic	$	1.12	$	
Net Income Per Common Unit, Diluted	$	1.04	$	
Distributions Declared Per Common Unit (a)	$	2.90	$	

(a) Distributions declared reflects the calendar date of declaration for each distribution. The fourth quarter distribution, will be declared and paid in the subsequent fiscal year.

The following table summarizes the anti-dilutive securities for the periods indicated:

	Year
	2015
Weighted-Average Blackstone Holdings Partnership Units	542

Unit Repurchase Program

In January 2008, Blackstone announced that the Board of Directors of its general partner, Blackstone Group Management repurchase by Blackstone of up to $500 million of Blackstone common units and Blackstone Holdings Partnership Units. program, units may be repurchased from time to time in open market transactions, in privately negotiated transactions or o actual number of Blackstone common units and Blackstone Holdings Partnership Units repurchased will depend on a vari requirements, price and economic and market conditions. This unit repurchase program may be suspended or discontinued have a specified expiration date.

During the years ended December 31, 2015, 2014 and 2013, no units were repurchased. As of December 31, 2015, the am
repurchases under this program was $335.8 million.

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16. EQUITY-BASED COMPENSATION

The Partnership has granted equity-based compensation awards to Blackstone s senior managing directors, non-partner pr
non-professionals and selected external advisers under the Partnership s 2007 Equity Incentive Plan (the Equity Plan),
were granted in connection with Blackstone s initial public offering (IPO). The Equity Plan allows for the granting of o
or other unit-based awards (units, restricted units, restricted common units, deferred restricted common units, phantom res
other unit-based awards based in whole or in part on the fair value of the Blackstone common units or Blackstone Holding
may contain certain service or performance requirements. As of January 1, 2015, the Partnership had the ability to grant 16
Equity Plan.

For the years ended December 31, 2015, 2014 and 2013 the Partnership recorded compensation expense of $629.6 million
million, respectively, in relation to its equity-based awards with corresponding tax benefits of $41.0 million, $23.1 million
respectively.

As of December 31, 2015, there was $1.0 billion of estimated unrecognized compensation expense related to unvested awa
be recognized over a weighted-average period of 5.2 years.

Total vested and unvested outstanding units, including Blackstone common units, Blackstone Holdings Partnership Units a
common units, were 1,191,126,830 as of December 31, 2015. Total outstanding unvested phantom units were 39,296 as of

A summary of the status of the Partnership s unvested equity-based awards as of December 31, 2015 and of changes durin
through December 31, 2015 is presented below:

	Blackstone Holdings		The Blacksto	
			Equity Settled Awards	
Unvested Units	Partnership Units	Weighted-Average Grant Date Fair Value	Deferred Restricted Common Units	Weighted Average Grant Date Fai Value
Balance, December 31, 2014	33,498,237	$ 26.19	17,569,372	$ 16.9
Granted	28,861,922	37.91	5,655,007	32.9
Vested	(19,845,114)	29.48	(7,942,152)	17.6
Exchanged			(10,374)	28.2
Forfeited	(1,613,290)	23.31	(929,724)	24.8
Balance, December 31, 2015	40,901,755	$ 32.98	14,342,129	$ 22.3

Units Expected to Vest

The following unvested units, after expected forfeitures, as of December 31, 2015, are expected to vest:

	Units

Blackstone Holdings Partnership Units	33,675,366
Deferred Restricted Blackstone Common Units	12,386,848
Total Equity-Based Awards	46,062,214
Phantom Units	19,495

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Deferred Restricted Common Units and Phantom Units

The Partnership has granted deferred restricted common units to certain senior and non-senior managing director professio
finance and administrative personnel and selected external advisers and phantom units (cash settled equity-based awards) t
non-senior managing director employees. Holders of deferred restricted common units and phantom units are not entitled t
phantom units are to be settled in cash.

The fair values of deferred restricted common units have been derived based on the closing price of Blackstone s commo
grant, multiplied by the number of unvested awards and expensed over the assumed service period, which ranges from 1 to
calculation of the compensation expense assumes forfeiture rates based upon historical turnover rates, ranging from 1.0% t
employee class, and a per unit discount, ranging from $0.01 to $7.56. In most cases, the Partnership will not make any dist
unvested deferred restricted common units. However, there are certain grantees who receive distributions on both vested a
restricted common units.

The phantom units vest over the assumed service period, which ranges from 1 to 6 years. On each such vesting date, Black
deliver cash to the holder in an amount equal to the number of phantom units held multiplied by the then fair market value
units on such date. Additionally, the calculation of the compensation expense assumes forfeiture rates based upon historica
from 6.9% to 12.2% annually by employee class. Blackstone is accounting for these cash settled awards as a liability.

Blackstone paid $1.1 million, $1.1 million and $0.6 million to non-senior managing director employees in settlement of ph
ended December 31, 2015, 2014 and 2013, respectively.

Blackstone Holdings Partnership Units

At the time of the Reorganization, Blackstone s predecessor owners and selected advisers received 827,516,625 Blacksto
Units, of which 387,805,088 were vested and 439,711,537 were to vest over a period of up to eight years from the IPO dat
Reorganization, the Partnership has granted Blackstone Holdings Partnership Units to newly hired senior managing direct
accounted for the unvested Blackstone Holdings Partnership Units as compensation expense over the vesting period. The f
based on the closing price of Blackstone s common units on the date of the grant, or $31 (based on the initial public offer
common unit) for those units issued at the time of the Reorganization, multiplied by the number of unvested awards and ex
service period which ranges from 1 to 9 years. Additionally, the calculation of the compensation expense assumes a forfeit
based on historical experience.

In November 2009, the Partnership modified equity awards issued in connection with a deferred compensation plan to, am
that deferred compensation payment to participating employees and senior managing directors generally would be satisfie
common units instead of delivery of Partnership Units, (b) delay the delivery of common units (following the applicable v
anticipated trading window periods, to better facilitate participants liquidity to meet tax obligations and (c) ensure compl
compensation taxation rules. As the fair value of Partnership Units on grant date is based on the closing price of Blacksto
no change in fair value of these awards as a result of the modification. As a result, there was no additional impact to comp

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Equity-Based Awards with Performance Conditions

The Partnership has also granted certain equity-based awards with performance requirements. These awards are based on t
businesses over a four year period beginning August 2013, relative to a predetermined threshold. Blackstone has determin
relevant performance thresholds will be exceeded in future periods and, therefore, has recorded compensation expense sin
performance period of $3.8 million.

17. RELATED PARTY TRANSACTIONS

Affiliate Receivables and Payables

Due from Affiliates and Due to Affiliates consisted of the following:

Due from Affiliates	
Accrual for Potential Clawback of Previously Distributed Carried Interest	$
Advances Made on Behalf of Certain Non-Controlling Interest Holders and Blackstone Employees Principally for Investments in Blackstone Funds	
Amounts Due from Portfolio Companies and Funds	
Investments Redeemed in Non-Consolidated Funds of Hedge Funds	
Management and Performance Fees Due from Non-Consolidated Funds	
Payments Made on Behalf of Non-Consolidated Entities	
	$

Due to Affiliates	
Due to Certain Non-Controlling Interest Holders in Connection with the Tax Receivable Agreements	$
Accrual for Potential Repayment of Previously Received Performance Fees	
Due to Note Holders of Consolidated CLO Vehicles	
Distributions Received on Behalf of Certain Non-Controlling Interest Holders and Blackstone Employees	
Payable to Affiliates for Consolidated Funds	
Distributions Received on Behalf of Blackstone Entities	
Payments Made by Non-Consolidated Entities	
	$

Interests of the Founder, Senior Managing Directors, Employees and Other Related Parties

The founder, senior managing directors, employees and certain other related parties invest on a discretionary basis in the c
Funds both directly and through consolidated entities. These investments generally are subject to preferential management

arrangements. As of December 31, 2015 and 2014, such investments aggregated $746.3 million and $1.0 billion, respectiv
Income Attributable to Redeemable Non-Controlling and Non-Controlling Interests in Consolidated Entities aggregated

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$49.0 million, $176.0 million and $224.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Revenues Earned from Affiliates

Management and Advisory Fees, Net earned from affiliates totaled $210.7 million, $327.1 million and $253.9 million for t
December 31, 2015, 2014 and 2013, respectively. Fees relate primarily to transaction and monitoring fees which are negot
of fundraising and investment activities.

Advances Made on Behalf of Certain Non-Controlling Interest Holders and Blackstone Employees

Advances Made on Behalf of Certain Non-Controlling Interest Holders and Blackstone Employees Principally for Investm
includes interest-bearing advances to certain Blackstone individuals to finance their investments in certain Blackstone Fun
interest at Blackstone s cost of borrowing and such interest totaled $5.0 million, $2.9 million and $3.4 million for the yea
2014 and 2013, respectively.

Contingent Repayment Guarantee

Blackstone and its personnel who have received Carried Interest distributions have guaranteed payment on a several basis
Carry Funds of any clawback obligation with respect to the excess Carried Interest allocated to the general partners of such
received thereby to the extent that either Blackstone or its personnel fails to fulfill its clawback obligation, if any. The Acc
Repayment of Previously Received Performance Fees represents amounts previously paid to Blackstone Holdings and non
that would need to be repaid to the Blackstone Funds if the Carry Funds were to be liquidated based on the fair value of th
as of December 31, 2015. See Note 18. Commitments and Contingencies Contingencies Contingent Obligations (Cla

Aircraft and Other Services

In the normal course of business, Blackstone personnel make use of aircraft owned as personal assets by Stephen A. Schw
jointly as a personal asset by Hamilton E. James, Blackstone s President and Chief Operating Officer, and Jonathan D. Gr
of Real Estate and a Director of Blackstone; and an aircraft owned jointly as a personal asset by Bennett J. Goodman, Co-
a Director of Blackstone, and another senior managing director (each such aircraft, Personal Aircraft). Mr. Schwarzman
Personal Aircraft himself. Each of Mr. James and Mr. Gray paid for his respective interest in their jointly owned Personal
for his interest in his jointly owned Personal Aircraft. Mr. Schwarzman, Mr. James, Mr. Gray and Mr. Goodman respectiv
and maintenance costs associated with the operation of such Personal Aircraft. Payment by Blackstone for the use of the P
Blackstone employees is made based on market rates.

In addition, on occasion, certain of Blackstone s executive officers and employee directors and their families may make u
Blackstone or in which Blackstone owns a fractional interest, as well as other assets of Blackstone. Any such personal use
charged to the executive officer or employee director based on market rates and usage. Personal use of Blackstone resourc
Blackstone based on market rates.

The transactions described herein are not material to the Consolidated Financial Statements.

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(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Tax Receivable Agreements

Blackstone used a portion of the proceeds from the IPO and the sale of non-voting common units to Beijing Wonderful In interests in the predecessor businesses from the predecessor owners. In addition, holders of Blackstone Holdings Partnersh Blackstone Holdings Partnership Units for Blackstone common units on a one-for-one basis. The purchase and subsequent result in increases in the tax basis of the tangible and intangible assets of Blackstone Holdings and therefore reduce the am wholly owned subsidiaries would otherwise be required to pay in the future.

One of the subsidiaries of the Partnership which is a corporate taxpayer has entered into tax receivable agreements with ea owners and additional tax receivable agreements have been executed, and will continue to be executed, with newly-admitt and others who acquire Blackstone Holdings Partnership Units. The agreements provide for the payment by the corporate 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the corporate taxpayers actually aforementioned increases in tax basis and of certain other tax benefits related to entering into these tax receivable agreeme receivable agreements, cash savings in income tax will be computed by comparing the actual income tax liability of the co amount of such taxes that the corporate taxpayers would have been required to pay had there been no increase to the tax ba intangible assets of Blackstone Holdings as a result of the exchanges and had the corporate taxpayers not entered into the t

Primarily, as a result of the October 1, 2015 spin-off, there was a reduction of $82.7 million of the tax receivable agreemer owners and the others mentioned above. Assuming no future material changes in the relevant tax law and that the corporat taxable income to realize the full tax benefit of the increased amortization of the assets, the expected future payments unde agreements (which are taxable to the recipients) will aggregate $1.2 billion over the next 15 years. The after-tax net preser payments totals $402.4 million assuming a 15% discount rate and using Blackstone s most recent projections relating to t benefit to be received. Future payments under the tax receivable agreements in respect of subsequent exchanges would be amounts. The payments under the tax receivable agreements are not conditioned upon continued ownership of Blackstone pre-IPO owners and the others mentioned above. Subsequent to December 31, 2015, payments totaling $79.0 million were owners and others mentioned above in accordance with the tax receivable agreement and related to tax benefits the Partner taxable year.

Amounts related to the deferred tax asset resulting from the increase in tax basis from the exchange of Blackstone Holding Blackstone common units, the resulting remeasurement of net deferred tax assets at the Blackstone ownership percentage due to affiliates for the future payments resulting from the tax receivable agreements and resulting adjustment to partners Acquisition of Ownership Interests from Non-Controlling Interest Holders in the Supplemental Disclosure of Non-Cash In Activities in the Consolidated Statements of Cash Flows.

Other

Blackstone does business with and on behalf of some of its Portfolio Companies; all such arrangements are on a negotiate

Additionally, please see Note 18. Commitments and Contingencies Contingencies Guarantees for information rega lending institution for certain loans held by employees.

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

18. COMMITMENTS AND CONTINGENCIES
Commitments

Operating Leases

The Partnership leases office space under non-cancelable lease and sublease agreements, which expire on various dates thr
lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred
recognized on a straight-line basis over the term of the lease agreement. Rent expense includes base contractual rent and v
building expenses, utilities, taxes and insurance. Rent expense for the years ended December 31, 2015, 2014 and 2013, wa
million and $78.6 million, respectively. At December 31, 2015 and 2014, the Partnership maintained irrevocable standby l
deposits as security for the leases of $15.7 million and $8.5 million, respectively. As of December 31, 2015, the aggregate
net of sublease income, required on the operating leases are as follows:

2016	
2017	
2018	
2019	
2020	
Thereafter	
Total	

Investment Commitments

Blackstone had $2.0 billion of investment commitments as of December 31, 2015 representing general partner capital func
Blackstone Funds, limited partner capital funding to other funds and Blackstone principal investment commitments. The c
Funds had signed investment commitments of $48.6 million as of December 31, 2015 which includes $31.6 million of sig
commitments for portfolio company acquisitions in the process of closing.

Contingencies

Guarantees

Certain of Blackstone s consolidated real estate funds guarantee payments to third parties in connection with the on-going
acquisitions of their Portfolio Companies. There is no direct recourse to the Partnership to fulfill such obligations. To the e
are required to fulfill guarantee obligations, the Partnership s invested capital in such funds is at risk. Total investments at
extended by consolidated real estate funds was $21.5 million as of December 31, 2015.

The Blackstone Holdings Partnerships provided guarantees to a lending institution for certain loans held by employees eitl
Blackstone Funds or for members capital contributions to Blackstone International Partners LLP. The amount guaranteec
was $126.2 million.

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Litigation

From time to time, Blackstone is named as a defendant in legal actions relating to transactions conducted in the ordinary c
there can be no assurance of the outcome of such legal actions, in the opinion of management, Blackstone does not have a
any current legal proceeding or claim that would individually or in the aggregate materially affect its results of operations,
flows.

Contingent Obligations (Clawback)

Carried Interest is subject to clawback to the extent that the Carried Interest received to date with respect to a fund exceeds
Blackstone based on cumulative results of that fund. The actual clawback liability, however, generally does not become re
fund s life except for certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, wh
clawback liability. The lives of the carry funds, including available contemplated extensions, for which a liability for poter
has been recorded for financial reporting purposes, are currently anticipated to expire at various points through 2028. Furtl
may be implemented under given circumstances. If, at December 31, 2015, all of the investments held by the carry funds v
possibility that management views as remote, the amount of carried interest subject to potential clawback would be $4.4 b
where applicable, of which $4.1 billion related to Blackstone Holdings and $370.5 million related to current and former B

For financial reporting purposes, the general partners have recorded a liability for potential clawback obligations to the lin
carry funds due to changes in the unrealized value of a fund s remaining investments and where the fund s general partne
Carried Interest distributions with respect to such fund s realized investments.

The following table presents the clawback obligations by segment:

				December 31,
		2015		
Segment	Blackstone Holdings	Current and Former Personnel	Total	Blackstone Holdings
Real Estate	$	$	$	$ 130
Credit	1,670	1,686	3,356	1,241
Total	$ 1,670	$ 1,686	$ 3,356	$ 1,371

A portion of the Carried Interest paid to current and former Blackstone personnel is held in segregated accounts in the eve
obligation. These segregated accounts are not included in the Consolidated Financial Statements of the Partnership, except
the assets held in the segregated accounts may be allocated to a consolidated Blackstone fund of hedge funds. At Decembe
was held in segregated accounts for the purpose of meeting any clawback obligations of current and former personnel if su

19. EMPLOYEE BENEFIT PLANS

The Partnership provides a 401(k) plan (the Plan) for eligible employees in the United States. For certain administrative
for participation in the Plan, the Partnership makes a non-elective

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

contribution of 2% of such employee s annual compensation up to a maximum of one thousand six hundred dollars regard
makes any elective contributions to the Plan. In addition, the Partnership will also contribute 50% of certain eligible emplo
Plan with a maximum matching contribution of one thousand six hundred dollars. For the years ended December 31, 2015
Partnership incurred expenses of $2.0 million, $1.9 million and $1.7 million in connection with such Plan.

The Partnership provides a defined contribution plan for eligible employees in the United Kingdom (U.K. Plan). All Un
eligible to contribute to the U.K. Plan after three months of qualifying service. The Partnership contributes a percentage of
salary, subject to United Kingdom statutory restrictions, on a monthly basis for administrative employees of the Partnershi
employee. For the years ended December 31, 2015, 2014 and 2013, the Partnership incurred expenses of $0.8 million, $0.
respectively, in connection with the U.K. Plan.

20. REGULATED ENTITIES

The Partnership has a registered broker-dealer that is subject to the minimum net capital requirements of the United States
Commission (SEC). This entity has continuously operated in excess of these requirements. The Partnership also has cer
Hong Kong and Ireland, which are subject to the capital requirements of the Financial Conduct Authority, the Securities &
Central Bank of Ireland, respectively. These entities have continuously operated in excess of their regulatory capital requir

Certain other U.S. and non-U.S. entities are subject to various investment adviser, commodity pool operator and trader reg
number of U.S. entities that are registered as investment advisers with the SEC.

The regulatory capital requirements referred to above may restrict the Partnership s ability to withdraw capital from its en
$24.8 million of net assets of consolidated entities may be restricted as to the payment of cash dividends and advances to t

21. SEGMENT REPORTING

Blackstone transacts its primary business in the United States and substantially all of its revenues are generated domestica

Blackstone conducts its alternative asset management businesses through four segments:

- Private Equity Blackstone s Private Equity segment comprises its management of private equity funds, cert
funds and secondary private funds of funds.

- Real Estate Blackstone s Real Estate segment primarily comprises its management of global, European foc
opportunistic real estate funds as well as core+ funds. In addition, the segment has debt investment funds and a
targeting non-controlling real estate debt-related investment opportunities in the public and private markets, pr
and Europe.

Hedge Fund Solutions   Blackstone s Hedge Fund Solutions segment is comprised principally of Blackstone
(BAAM), which manages a broad range of commingled and customized hedge fund of fund solutions. The
also includes investment platforms that seed new hedge fund talent, purchase ownership interests in more esta
in special situation opportunities, create alternative solutions in regulated structures and trade long and short p

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Credit Blackstone s Credit segment, which consists principally of GSO Capital Partners LP (GSO), man
within private and public debt market strategies. GSO s products include senior credit-focused funds, mezzan
funds, general credit-focused funds, registered investment companies, separately managed accounts and CLO

These business segments are differentiated by their various sources of income. The Private Equity, Real Estate, Hedge Fur
segments primarily earn their income from management fees and investment returns on assets under management.

Blackstone uses Economic Income (EI) as a key measure of value creation, a benchmark of its performance and in mak
compensation decisions across its four segments. EI represents segment net income before taxes excluding transaction-rela
Transaction-related charges arise from Blackstone s IPO and long-term retention programs outside of annual deferred cor
corporate actions, including acquisitions. Transaction-related charges include equity-based compensation charges, the amc
and contingent consideration associated with acquisitions. EI presents revenues and expenses on a basis that deconsolidate
Blackstone manages. Economic Net Income (ENI) represents EI adjusted to include current period taxes. Taxes represe
(benefit) calculated on Income (Loss) Before Provision for Taxes.

Management makes operating decisions and assesses the performance of each of Blackstone s business segments based o
metrics and data that is presented without the consolidation of any of the Blackstone Funds that are consolidated into the C
Statements. Consequently, all segment data excludes the assets, liabilities and operating results related to the Blackstone F

On October 1, 2015, Blackstone completed the previously-announced spin-off of the operations that historically constitute
Advisory segment, other than Blackstone s capital markets services business. Blackstone s capital markets services busir
part of the spin-off. The financial and strategic advisory services, restructuring and reorganization advisory services and P
were spun-off from Blackstone and combined with PJT Capital LP, an independent financial advisory firm founded by Pa
independent, publicly traded company called PJT Partners Inc. Each common unitholder of Blackstone received one share
of PJT Partners Inc. for every 40 common units of Blackstone held by such unitholder on the record date. The historical Fi
comprised financial and strategic advisory services, restructuring and reorganization advisory services, capital markets ser
which provided fund placement services for alternative investment funds. As of October 1, 2015, Blackstone no longer rep
segment. Results of the Financial Advisory segment are included herein for comparative purposes only. As a result of the s
of Blackstone s Financial Advisory business, which did not include Blackstone s capital markets services business, the re
markets services business were reclassified from the Financial Advisory segment to the Private Equity segment. All prior p
reflect this reclassification.

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Notes to Consolidated Financial Statements Continued

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The following table presents the financial data for Blackstone s four segments as of and for the years ended December 31
result of the spin-off on October 1, 2015, the former Financial Advisory segment no longer reports results. The historical F
information is included for comparative purposes.

	December 31, 2015 and the Year Then E			
	Private Equity	Real Estate	Hedge Fund Solutions	Credit
Segment Revenues				
Management and Advisory Fees, Net				
Base Management Fees	$ 502,640	$ 668,575	$ 524,386	$ 500,982
Advisory Fees	10,561			
Transaction and Other Fees, Net	36,258	110,577	317	6,371
Management Fee Offsets	(36,760)	(26,840)	171	(30,065)
Total Management and Advisory Fees, Net	512,699	752,312	524,874	477,288
Performance Fees				
Realized				
Carried Interest	1,474,987	1,634,733		96,156
Incentive Fees		17,153	68,197	109,396
Unrealized				
Carried Interest	(717,955)	(680,542)	2,021	(198,820)
Incentive Fees		20,802	(8,084)	(19,967)
Total Performance Fees	757,032	992,146	62,134	(13,235)
Investment Income (Loss)				
Realized	189,649	235,582	(12,741)	7,186
Unrealized	(116,338)	(231,889)	(1,435)	(16,258)
Total Investment Income (Loss)	73,311	3,693	(14,176)	(9,072)
Interest and Dividend Revenue	33,218	43,990	17,274	24,599
Other	5,854	(1,422)	200	5,171
Total Revenues	1,382,114	1,790,719	590,306	484,751
Expenses				
Compensation and Benefits				
Compensation	280,248	358,381	179,484	190,189
Performance Fee Compensation				
Realized				
Carried Interest	256,922	484,037		52,841
Incentive Fees		8,678	27,155	50,113
Unrealized				
Carried Interest	(10,172)	(196,347)	823	(107,000)

Incentive Fees		8,817	(2,912)	(8,395)
Total Compensation and Benefits	526,998	663,566	204,550	177,748
Other Operating Expenses	199,158	179,175	90,072	93,626
Total Expenses	726,156	842,741	294,622	271,374
Economic Income	$ 655,958	$ 947,978	$ 295,684	$ 213,377
Segment Assets	$ 5,680,315	$ 7,456,507	$ 1,916,956	$ 2,725,585

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Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 31, 2014 and the Year Then			
	Private Equity	Real Estate	Hedge Fund Solutions	Credit
Segment Revenues				
Management and Advisory Fees, Net				
Base Management Fees	$ 415,841	$ 628,502	$ 482,981	$ 460,205
Advisory Fees	21,903			
Transaction and Other Fees, Net	135,718	91,610	569	18,161
Management Fee Offsets	(19,146)	(34,443)	(5,014)	(28,168)
Total Management and Advisory Fees, Net	554,316	685,669	478,536	450,198
Performance Fees				
Realized				
Carried Interest	754,402	1,487,762		208,432
Incentive Fees		11,499	140,529	109,717
Unrealized				
Carried Interest	1,222,828	524,046		(37,913)
Incentive Fees		(5,521)	(879)	(23,025)
Total Performance Fees	1,977,230	2,017,786	139,650	257,211
Investment Income (Loss)				
Realized	202,719	309,095	21,550	9,354
Unrealized	(23,914)	(58,930)	5,132	5,055
Total Investment Income	178,805	250,165	26,682	14,409
Interest and Dividend Revenue	21,993	30,197	11,114	23,040
Other	6,569	2,863	1,855	(2,310)
Total Revenues	2,738,913	2,986,680	657,837	742,548
Expenses				
Compensation and Benefits				
Compensation	280,499	326,317	131,658	188,200
Performance Fee Compensation				
Realized				
Carried Interest	266,393	432,996		116,254
Incentive Fees		5,980	42,451	61,668
Unrealized				
Carried Interest	210,446	197,174		(28,583)
Incentive Fees		(2,751)	(273)	(16,252)
Total Compensation and Benefits	757,338	959,716	173,836	321,287
Other Operating Expenses	143,562	146,083	86,129	90,524
Total Expenses	900,900	1,105,799	259,965	411,811

Economic Income	$ 1,838,013	$ 1,880,881	$ 397,872	$ 330,737
Segment Assets	$ 6,134,869	$ 8,032,854	$ 1,472,992	$ 2,592,313

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 31, 2013 and the Year Then En			
	Private Equity	Real Estate	Hedge Fund Solutions	Credit
Segment Revenues				
Management and Advisory Fees, Net				
Base Management Fees	$ 368,146	$ 565,182	$ 409,321	$ 398,158
Advisory Fees	24,313			
Transaction and Other Fees, Net	97,678	79,675	623	28,586
Management Fee Offsets	(5,683)	(22,821)	(3,387)	(40,329)
Total Management and Advisory Fees, Net	484,454	622,036	406,557	386,415
Performance Fees				
Realized				
Carried Interest	329,993	486,773		127,192
Incentive Fees		45,862	207,735	220,736
Unrealized				
Carried Interest	398,232	1,651,700		108,078
Incentive Fees		(28,753)	7,718	1,107
Total Performance Fees	728,225	2,155,582	215,453	457,113
Investment Income (Loss)				
Realized	88,026	52,359	27,613	4,098
Unrealized	161,749	350,201	(9,306)	13,951
Total Investment Income (Loss)	249,775	402,560	18,307	18,049
Interest and Dividend Revenue	15,625	21,563	7,605	18,146
Other	4,259	3,384	688	527
Total Revenues	1,482,338	3,205,125	648,610	880,250
Expenses				
Compensation and Benefits				
Compensation	240,150	294,222	136,470	186,514
Performance Fee Compensation				
Realized				
Carried Interest	38,953	148,837		69,411
Incentive Fees		23,878	65,793	111,244
Unrealized				
Carried Interest	342,733	566,837		57,147
Incentive Fees		(15,015)	2,856	508
Total Compensation and Benefits	621,836	1,018,759	205,119	424,824
Other Operating Expenses	124,499	116,391	66,966	96,940
Total Expenses	746,335	1,135,150	272,085	521,764

Economic Income	$ 736,003	$ 2,069,975	$ 376,525	$ 358,486

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table reconciles the Total Segments to Blackstone s Income Before Provision for Taxes and Total Assets a
December 31, 2015, 2014 and 2013:

	December 31, 2015 and	
	Total Segments	Consolidatio Adjustment and Reconcili Items
Revenues	$ 4,555,932	$ 90,6
Expenses	$ 2,378,136	$ 712,7
Other Income	$	$ 259,0
Economic Income	$ 2,177,796	$ (363,0
Total Assets	$ 17,779,363	$ 4,746,7

	December 31, 2014 and	
	Total Segments	Consolidat Adjustmer and Reconc Items
Revenues	$ 7,537,294	$ (52
Expenses	$ 2,992,796	$ 863
Other Income	$	$ 357
Economic Income	$ 4,544,498	$ (557
Total Assets	$ 19,099,623	$ 12,397

	Year Ended Dece	
	Total Segments	Consolidatio Adjustments and Reconcili Items
Revenues	$ 6,611,500	$ 1,66
Expenses	$ 3,015,461	$ 851,27
Other Income	$	$ 402,13
Economic Income	$ 3,596,039	$ (447,47

(a) The Revenues adjustment represents management and performance fees earned from Blackstone Funds which were
to arrive at Blackstone consolidated revenues and non-segment related Investment Income, which is included in Bla
revenues.

(b) The Expenses adjustment represents the addition of expenses of the consolidated Blackstone Funds to the Blackston
amortization of intangibles and expenses related to transaction-related equity-based compensation to arrive at Blacks

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Notes to Consolidated Financial Statements Continued

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(c) The Other Income adjustment results from the following:

	Year Ended Decemb	
	2015	2014
Fund Management Fees and Performance Fees Eliminated in Consolidation and Transactional Investment Loss	$ (100,657)	$ 52,219
Fund Expenses Added in Consolidation	48,239	19,169
Non-Controlling Interests in Income of Consolidated Entities	231,045	409,864
Transaction-Related Other Income (Loss)	80,444	(123,398)
Total Consolidation Adjustments and Reconciling Items	$ 259,071	$ 357,854

(d) The reconciliation of Economic Income to Income Before Provision for Taxes as reported in the Consolidated Stater of the following:

	Year Ended December	
	2015	2014
Economic Income	$ 2,177,796	$ 4,544,498
Adjustments		
Amortization of Intangibles	(104,530)	(111,254)
IPO and Acquisition-Related Charges	(489,563)	(856,382)
Non-Controlling Interests in Income of Consolidated Entities	231,045	409,864
Total Consolidation Adjustments and Reconciling Items	(363,048)	(557,772)
Income Before Provision for Taxes	$ 1,814,748	$ 3,986,726

(e) The Total Assets adjustment represents the addition of assets of the consolidated Blackstone Funds to the Blackston arrive at Blackstone consolidated assets.

22. SUBSEQUENT EVENTS

There have been no events since December 31, 2015 that require recognition or disclosure in the Consolidated Financial S

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THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

23. QUARTERLY FINANCIAL DATA (UNAUDITED)

			Three Months End
	March 31, 2015 (a)	June 30, 2015	Septer 20
Revenues	$ 2,512,358	$ 1,225,202	$
Expenses	1,142,568	914,432	4
Other Income (Loss)	93,555	82,015	
Income (Loss) Before Provision for Taxes	$ 1,463,345	$ 392,785	$ (4
Net Income (Loss)	$ 1,364,001	$ 349,534	$ (4
Net Income (Loss) Attributable to The Blackstone Group L.P.	$ 629,448	$ 134,168	$ (2
Net Income (Loss) Per Common Unit			
Common Units, Basic	$ 1.01	$ 0.21	$
Common Units, Diluted	$ 1.00	$ 0.21	$
Distributions Declared (b)	$ 0.78	$ 0.89	$

			Three Months En
	March 31, 2014	June 30, 2014	Septe 2
Revenues	$ 1,526,668	$ 2,257,860	$ 1
Expenses	887,851	1,089,781	1
Other Income	70,155	138,585	
Income Before Provision for Taxes	$ 708,972	$ 1,306,664	$
Net Income	$ 654,875	$ 1,223,382	$
Net Income Attributable to The Blackstone Group L.P.	$ 265,617	$ 517,016	$
Net Income Per Common Unit			
Common Units, Basic	$ 0.44	$ 0.85	$
Common Units, Diluted	$ 0.44	$ 0.85	$
Distributions Declared (b)	$ 0.58	$ 0.35	$

(a) Blackstone adopted new GAAP consolidation guidance for the quarter ended June 30, 2015 and applied a modified
January 1, 2015. Adoption did not change Net Income Attributable to The Blackstone Group L.P. for the quarter end
change Revenues, Expenses, Other Income (Loss), Income (Loss) Before Provision for Taxes and Net Income (Loss
recast here from the amounts originally reported for the quarter ended March 31, 2015.

(b) Distributions declared reflects the calendar date of the declaration of each distribution.

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ITEM 8A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDIT
THE BLACKSTONE GROUP L.P.

Unaudited Consolidating Statements of Financial Condition

(Dollars in Thousands)

	December 31, 201		
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Recla Elim
Assets			
Cash and Cash Equivalents	$ 1,837,324	$	$
Cash Held by Blackstone Funds and Other	148,660	438,472	
Investments	10,186,419	4,591,465	(
Accounts Receivable	461,610	151,543	
Reverse Repurchase Agreements	204,893		
Due from Affiliates	1,224,692	25,722	
Intangible Assets, Net	345,547		
Goodwill	1,718,519		
Other Assets	374,270	2,919	
Deferred Tax Assets	1,277,429		
Total Assets	$ 17,779,363	$ 5,210,121	$ (
Liabilities and Partners Capital			
Loans Payable	$ 2,797,060	$ 3,319,687	$
Due to Affiliates	1,244,748	50,892	
Accrued Compensation and Benefits	2,029,900	18	
Securities Sold, Not Yet Purchased	99,392	77,275	
Repurchase Agreements	970	39,959	
Accounts Payable, Accrued Expenses and Other Liabilities	422,905	225,757	
Total Liabilities	6,594,975	3,713,588	
Redeemable Non-Controlling Interests in Consolidated Entities		183,459	
Partners Capital			
Partners Capital	6,323,025	450,417	(
Accumulated Other Comprehensive Income	(53,190)		
Non-Controlling Interests in Consolidated Entities	1,546,044	862,657	
Non-Controlling Interests in Blackstone Holdings	3,368,509		
Total Partners Capital	11,184,388	1,313,074	(
Total Liabilities and Partners Capital	$ 17,779,363	$ 5,210,121	$ (

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THE BLACKSTONE GROUP L.P.

Unaudited Consolidating Statements of Financial Condition

(Dollars in Thousands)

	December 31, 2		
	Consolidated Operating Partnerships	**Consolidated Blackstone Funds (a)**	**R Eli**
Assets			
Cash and Cash Equivalents	$ 1,412,472	$	$
Cash Held by Blackstone Funds and Other	348,957	1,459,135	
Investments	12,123,708	11,835,242	(
Accounts Receivable	364,927	194,394	
Reverse Repurchase Agreements			
Due from Affiliates	1,060,831	723,285	
Intangible Assets, Net	458,833		
Goodwill	1,787,392		
Other Assets	276,476	48,284	
Deferred Tax Assets	1,252,230		
Total Assets	$ 19,085,826	$ 14,260,340	$ (
Liabilities and Partners Capital			
Loans Payable	$ 2,136,706	$ 6,787,135	$
Due to Affiliates	1,289,552	1,350,911	(
Accrued Compensation and Benefits	2,439,257		
Securities Sold, Not Yet Purchased		85,878	
Repurchase Agreements		29,907	
Accounts Payable, Accrued Expenses and Other Liabilities	430,712	763,867	
Total Liabilities	6,296,227	9,017,698	(
Redeemable Non-Controlling Interests in Consolidated Entities		2,441,854	
Partners Capital			
Partners Capital	6,999,830	698,694	
Appropriated Partners Capital		81,301	
Accumulated Other Comprehensive Income	(21,932)	1,068	
Non-Controlling Interests in Consolidated Entities	1,395,631	2,019,725	
Non-Controlling Interests in Blackstone Holdings	4,416,070		
Total Partners Capital	12,789,599	2,800,788	
Total Liabilities and Partners Capital	$ 19,085,826	$ 14,260,340	$ (

(a) The Consolidated Blackstone Funds consisted of the following:
Blackstone AG Investment Partners L.P.*

Blackstone Distressed Securities Fund L.P.*

Blackstone Market Opportunities Fund L.P.*

Blackstone Real Estate Partners VI.C ESH L.P.

Blackstone Real Estate Special Situations Fund L.P.

Blackstone Real Estate Special Situations Offshore Fund Ltd.

Blackstone Strategic Alliance Fund II L.P.*

Blackstone Strategic Alliance Fund L.P.

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Blackstone Strategic Capital Holdings B L.P.*

Blackstone Strategic Capital Holdings L.P.*

Blackstone Strategic Equity Fund L.P.*

Blackstone Value Recovery Fund L.P.*

Blackstone/GSO Loan Financing Limited

Blackstone/GSO Secured Trust Ltd.*

BREP Edens Investment Partners L.P.*

BSSF I AIV L.P.

BTD CP Holdings, LP

GSO Legacy Associates II LLC

GSO Legacy Associates LLC

Shanghai Blackstone Equity Investment Partnership L.P.*

Private equity side-by-side investment vehicles

Real estate side-by-side investment vehicles

Mezzanine side-by-side investment vehicles

Collateralized loan obligation vehicles

* Consolidated as of December 31, 2014 only.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINA

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Se (the Exchange Act), that are designed to ensure that information required to be disclosed by us in reports that we file or Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commi that such information is accumulated and communicated to our management, including our Chief Executive Officer and C appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. Th controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no mat operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our di
procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on th
Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our d
procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accom
ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded,
reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such informat
communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to a
regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a 15(f) and 15d 15(f) u
Act) occurred during our most recent quarter, that has materially affected, or is reasonably likely to materially affect, our i
financial reporting.

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Management s Report on Internal Control Over Financial Reporting

Management of The Blackstone Group L.P. and subsidiaries (Blackstone) is responsible for establishing and maintainin over financial reporting. Blackstone s internal control over financial reporting is a process designed under the supervision principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparati financial statements for external reporting purposes in accordance with accounting principles generally accepted in the Un

Blackstone s internal control over financial reporting includes policies and procedures that pertain to the maintenance of r detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts a made only in accordance with authorizations of management and the directors; and provide reasonable assurance regardin detection of unauthorized acquisition, use or disposition of Blackstone s assets that could have a material effect on its fina

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In ad evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of change degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of Blackstone s internal control over financial reporting as of I the framework established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Or Commission. Based on this assessment, management has determined that Blackstone s internal control over financial repo 2015 was effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited Blackstone s financial statements Form 10-K and issued its report on the effectiveness of Blackstone s internal control over financial reporting as of Decem included herein.

ITEM 9B. OTHER INFORMATION
Section 13(r) Disclosure

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRA), which added Sectio Blackstone hereby incorporates by reference herein Exhibit 99.1 of each of our Quarterly Reports on Form 10-Q filed on M and November 5, 2015 as well as Exhibit 99.1 of this Annual Report on Form 10-K, which includes disclosures publicly fi Travelport Limited, which may be considered our affiliate.

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PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE
Directors and Executive Officers of Blackstone Group Management L.L.C.

The directors and executive officers of Blackstone Group Management L.L.C. as of the date of this filing, are:

Name	Age	Position
Stephen A. Schwarzman	69	Founder, Chairman and Chief Executive Officer and Dire
Hamilton E. James	65	President, Chief Operating Officer and Director
J. Tomilson Hill	67	Vice Chairman and Director
Bennett J. Goodman	58	Co-Founder of GSO Capital Partners and Director
Jonathan D. Gray	46	Global Head of Real Estate and Director
Michael S. Chae	47	Chief Financial Officer
John G. Finley	59	Chief Legal Officer
Joan Solotar	51	Senior Managing Director Head of Multi-Asset Investi
Peter T. Grauer	70	Director
Richard H. Jenrette	86	Director
Rochelle B. Lazarus	68	Director
Jay O. Light	74	Director
The Right Honorable Brian Mulroney	76	Director
William G. Parrett	70	Director

Stephen A. Schwarzman is the Chairman and Chief Executive Officer of Blackstone and the Chairman of the board of dir
Mr. Schwarzman was elected Chairman of the board of directors of our general partner effective March 20, 2007. He also
Management Committee. Mr. Schwarzman is a founder of Blackstone and has been involved in all phases of the firm s de
in 1985. Mr. Schwarzman began his career at Lehman Brothers, where he was elected Managing Director in 1978. He was
firm s mergers and acquisitions business from 1977 to 1984, and served as Chairman of the firm s Mergers & Acquisitio
1984. Mr. Schwarzman is an active philanthropist with a history of supporting education and schools. Whether in business
always attempted to tackle big problems and find transformative solutions. In 2015, Mr. Schwarzman donated $150 millio
establish the Schwarzman Center, a first-of-its-kind campus center in Yale s historic Commons building. In 2013, he f
scholarship program, Schwarzman Scholars, at Tsinghua University in Beijing to educate future leaders about China. A
modeled on the Rhodes Scholarship and is the single largest philanthropic effort in China s history coming largely from i
Mr. Schwarzman donated $100 million to the New York Public Library on whose board he serves. Mr. Schwarzman is a m
Foreign Relations, The Business Council, The Business Roundtable, and The International Business Council of the World
co-chair of the Partnership for New York City and serves on the boards of The Asia Society and New York Presbyterian H
Advisory Board of the School of Economics and Management at Tsinghua University, Beijing. He is a Trustee of The Fric
City and Chairman Emeritus of the Board of Directors of The John F. Kennedy Center for the Performing Arts. In 2007, M
included in TIME s 100 Most Influential People. Mr. Schwarzman was awarded the Légion d Honneur of France in 2
2010. Mr. Schwarzman holds a BA from Yale University and an MBA from Harvard Business School. He has served as a
Yale School of Management and on the Harvard Business School Board of Dean s Advisors.

Hamilton E. James is President and Chief Operating Officer of Blackstone and a member of the board of directors of our
was elected to the board of directors of our general partner effective March 20, 2007. He is also a member of Blackstone
and sits on each of the firm s

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investment committees. Prior to joining Blackstone in 2002, Mr. James was Chairman of Global Investment Banking and
Suisse First Boston and a member of its Executive Board. Prior to the acquisition of Donaldson, Lufkin & Jenrette (DLJ)
in 2000, Mr. James was the Chairman of DLJ s Banking Group, responsible for all the firm s investment banking and me
Mr. James joined DLJ in 1975 as an Investment Banking associate. He became head of DLJ s global mergers and acquisit
DLJ Merchant Banking, Inc. in 1985, and was named Chairman of the Banking Group in 1995. Mr. James is a Director of
Corporation and has served on a number of other corporate boards. Mr. James is a Commissioner of The Port Authority of
a Trustee of The Metropolitan Museum of Art, member of The Boards of Trustees of Mount Sinai Health System, member
American Progress Board of Trustees, Vice Chairman of Trout Unlimited s Coldwater Conservations Fund, Trustee of W
Institution, Advisory Board Member of the Montana Land Reliance, Trustee of the Wildlife Conservation Society and Cha
Board of Trustees of American Ballet Theatre. He is also a former member of the President s Export Council Subcomm
Competitiveness. Mr. James received a BA from Harvard College and an MBA from Harvard Business School.

J. Tomilson Hill is President and Chief Executive Officer of BAAM, a Vice Chairman of Blackstone and a member of the
general partner. Mr. Hill was elected to the board of directors of our general partner effective March 20, 2007. He also sits
Committee. Mr. Hill previously served as Co-Head of the Corporate and Mergers and Acquisitions Advisory group before
Executive Officer of BAAM. In his current capacity, Mr. Hill is responsible for overseeing the day-to-day activities of the
management, client relationships, marketing, operations and administration. Before joining Blackstone in 1993, Mr. Hill b
Boston, later becoming one of the Co-Founders of its Mergers & Acquisitions Department. After running the Mergers & A
Smith Barney, he joined Lehman Brothers as a partner in 1982, serving as Co-Head and subsequently Head of Investment
Co-Chief Executive Officer of Lehman Brothers and Co-President and Co-COO of Shearson Lehman Brothers Holding In
Harvard College and the Harvard Business School. He is a member of the Council on Foreign Relations where he chairs th
and serves on the Council s Board of Directors, and is a member of the Board of Directors of Lincoln Center Theater, wh
on the Board of The Metropolitan Museum of Art, the Telluride Foundation, the Advantage Testing Foundation, and of O
School, a parochial school (K-8th grade) in Spanish Harlem. He is a member of the Advisory Board of Christie s and a m
Directors of OpenPeak Inc. and Advantage Testing, Inc.

Bennett J. Goodman is a Co-Founder of GSO and a member of the board of directors of our general partner. Mr. Goodma
of directors of our general partner effective February 24, 2015. He also sits on the firm s Management Committee. Since
Mr. Goodman has focused on the management of GSO, which is Blackstone s credit investment platform with over $75 b
management in various direct lending strategies, leveraged loan vehicles and distressed investment funds. Before co-found
Mr. Goodman was the Managing Partner of the Alternative Capital Division of Credit Suisse. Mr. Goodman joined Credit
when they acquired Donaldson, Lufkin & Jenrette, or DLJ where he was Global Head of Leveraged Finance. Mr. Goodma
1988 as the founder of the High Yield Capital Markets Group. Prior to joining DLJ, Mr. Goodman worked in the high yiel
Burnham Lambert from 1984 to 1988. Mr. Goodman is currently on the Board of Directors of Lincoln Center and the Cen
Mr. Goodman received Institutional Investor s 2012 Money Manager of The Year Award. He also received the 2004 Life
from Euromoney Magazine for his career achievements in the global capital markets. He graduated from Lafayette Colleg
School.

Jonathan D. Gray is Global Head of Real Estate and a member of the board of directors of our general partner. Mr. Gray
directors of our general partner effective February 24, 2012. He also sits on the firm s Management Committee. Since joi
Mr. Gray has helped build the largest real estate platform in the world with $94 billion in investor capital under manageme
includes hotel,

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office, retail, industrial and residential properties in the U.S., Europe, Asia and Latin America. Mr. Gray received a BS in
Wharton School, as well as a BA in English from the College of Arts and Sciences at the University of Pennsylvania, whe
laude and was elected to Phi Beta Kappa. He currently serves as Chairman of the Board of Hilton Worldwide and is a boa
Properties and Nevada Property 1 LLC (The Cosmopolitan of Las Vegas). He is also Chairman of the Board of Harlem Vi
board member of Trinity School. Mr. Gray and his wife, Mindy, established the Basser Center for BRCA at the University
Medicine focused on the prevention and treatment of certain genetically caused cancers.

Michael S. Chae is Blackstone s Chief Financial Officer and a member of the firm s Management Committee. Mr. Chae
over the firm s global finance, treasury, technology and corporate development functions. Since joining Blackstone in 19
broad range of leadership roles including Head of International Private Equity, from 2012 through 2015, Head of Private E
2011 through 2015, and overseeing Private Equity investments in various sectors and the investment process for Tactical O
or was involved in numerous Blackstone investments over that time period. Before joining Blackstone, Mr. Chae worked a
and prior to that with Dillon, Read & Co. Mr. Chae received an AB from Harvard College, an MPhil. in International Rela
University and a JD from Yale Law School. He has served on numerous boards of private and publicly traded portfolio co
member of the Board of Trustees of the Lawrenceville School and Chairman of its Investment Committee, and a member o
Relations and the Board of Trustees of the Asia Society.

John G. Finley is Chief Legal Officer of Blackstone and a member of the firm s Management Committee. Before joining
Mr. Finley had been a partner with Simpson Thacher & Bartlett for 22 years where he was most recently a member of that
Committee and Head of Global Mergers & Acquisitions. Mr. Finley is a member of the Advisory Board of the Harvard La
Corporate Governance, the National Advisory Board of the Netter Center for Community Partnerships of the University o
Board of Advisors of the University of Pennsylvania Institute of Law and Economics. He is also a guest lecturer at Harvar
School. He has served on the Committee of Securities Regulation of the New York State Bar Association, the Board of Ad
Knight-Bagehot Fellowship in Economics and Business Journalism at Columbia University and as a Trustee of the Jewish
Children Services. He has also served as Chairman of the Annual International Mergers & Acquisitions Conference of the
Association. Mr. Finley received a BS in Economics from the Wharton School of the University of Pennsylvania, a BA in
Arts and Sciences of the University of Pennsylvania, and a JD from Harvard Law School.

Joan Solotar is a Senior Managing Director, Head of Multi-Asset Investing and External Relations and a member of the fi
Committee. Ms. Solotar oversees the firm s Multi-Asset Investing business, which develops and distributes products and
institutional and high net worth clients. Additionally, she manages global shareholder relations, public affairs and corporat
Blackstone in 2007, Ms. Solotar was with Bank of America Securities where she was a Managing Director and Head of Ec
joining Bank of America, she was a consistently highly ranked Institutional Investor All-American Research Team fina
Donaldson, Lufkin & Jenrette and Credit Suisse First Boston as a Managing Director. Ms. Solotar chairs the Board of Dire
Charitable Foundation and is Chairman of the Board of Trustees of the East Harlem Tutorial Program and the East Harlem
the recent author of a Harvard Business Review article entitled Truths for our Daughters. Ms. Solotar received a BS in
Systems at the State University of New York at Albany and an MBA in Finance at New York University.

Peter T. Grauer is a member of the board of directors of our general partner. Mr. Grauer was elected to the board of direct
effective January 26, 2016. Mr. Grauer is Chairman of Bloomberg L.P., a global financial information and media compan
Bloomberg L.P. since 1996, Mr. Grauer

became Chairman in 2001, and then Chairman, President and Chief Executive Officer in March 2002. Prior to joining Blo
was managing director and senior partner at Credit Suisse First Boston from 2000 to 2002, founding both DLJ Merchant B
Investment Partners. He was managing director of Donaldson, Lufkin & Jenrette (DLJ) from 1992 until Credit Suisse Firs
Mr. Grauer serves as lead director of DaVita Health Care Partners, Inc. and Senior Independent Non-Executive Director o
of the Business Council, the Asia Business Council, the International Business Council of the World Economic Forum and
World Economic Forum Community of Chairmen. Mr. Grauer is also President of the Inner City Scholarship Fund Board
Rockefeller Finance & Operations Committee, Chair of the College Advising Corps, and a board member of Room to Rea
Foundation. He is Founding U.S. Chair of the 30% Club, a Member of the Advisory Council of Out on the Street, and the
Council.

Richard H. Jenrette is a member of the board of directors of our general partner. Mr. Jenrette was elected to the board of
partner effective July 14, 2008. Mr. Jenrette is the retired former Chairman and Chief Executive Officer of The Equitable
the co-founder and retired Chairman and Chief Executive Officer of Donaldson, Lufkin & Jenrette (DLJ). He is also a for
Securities Industry Association and has served in the past as a director or trustee of The McGraw-Hill Companies, Advan
American Stock Exchange, The Rockefeller Foundation, The Duke Endowment, the University of North Carolina, New Y
National Trust for Historic Preservation.

Rochelle B. Lazarus is a member of the board of directors of our general partner. Ms. Lazarus was elected to the board of
partner effective July 9, 2013. Ms. Lazarus is Chairman Emeritus of Ogilvy & Mather and served as Chairman of that com
2012. Prior to becoming Chief Executive Officer and Chairman, she also served as president of O&M Direct North Ameri
York, and Ogilvy & Mather North America. Ms. Lazarus currently serves on the boards of Merck & Co., Inc., General Ele
Governance and Public Affairs Committee), the Financial Industry Regulatory Authority (FINRA), World Wildlife Fund,
Lincoln Center for the Performing Arts and the Partnership for New York City. She is a trustee of the New York Presbyte
member of the Board of Overseers of Columbia Business School. She is also a member of the Council on Foreign Relatio
and The Business Council.

Jay O. Light is a member of the board of directors of our general partner. Mr. Light was elected to the board of directors o
effective September 18, 2008. Mr. Light is the Dean Emeritus of Harvard Business School and the George F. Baker Profe
Emeritus. Prior to that, Mr. Light was the Dean of Harvard Business School from 2006 to 2010. Before becoming the Dea
School, Mr. Light was Senior Associate Dean, Chairman of the Finance Area, and a professor teaching Investment Manag
Entrepreneurial Finance for 30 years. Mr. Light is the Chairman of the Board of Directors of HCA Holdings, Inc., a direct
Management Company, a director of Partners HealthCare (the Mass General and Brigham & Women s Hospitals) and ch
Committee, a member of the Investment Committee of several endowments, a director of several private firms, and an adv
corporate and institutional pools of capital. In prior years until 2008, Mr. Light was a Trustee of the GMO Trusts, a family
institutional investors.

The Right Honorable Brian Mulroney is a member of the board of directors of our general partner. Mr. Mulroney was el
directors of our general partner effective June 21, 2007. Mr. Mulroney is a senior partner and international business consu
firm, Norton Rose Canada LLP. Prior to joining Norton Rose Canada, Mr. Mulroney was the eighteenth Prime Minister o
and leader of the Progressive Conservative Party of Canada from 1983 to 1993. He served as the Executive Vice Presiden
Canada and President beginning in 1977. Prior to that, Mr. Mulroney served on the Cliché Commission of Inquiry in 1974
Advisor of Global Affairs at Barrick Gold Corporation, where he previously served as a member of the Board of Director
their International Advisory Board. Mr. Mulroney is also Chairman of the Board of Directors of Quebecor Inc. and

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Quebecor Media Inc. and a member of the Board of Directors of Wyndham Worldwide Corporation. In prior years until 2
member of the Board of Directors of Archer Daniels Midland Company and Quebecor World Inc.

William G. Parrett is a member of the board of directors of our general partner. Mr. Parrett was elected to the board of dir
effective November 9, 2007. Until May 31, 2007, Mr. Parrett served as the Chief Executive Officer of Deloitte Touche To
member firms of Deloitte Touche Tohmatsu or their subsidiaries and affiliates provide professional services to Blackstone
co-founded the Global Financial Services Industry practice of Deloitte and served as its first Chairman. Currently, Mr. Par
United States Council for International Business. Mr. Parrett is a member of the board of directors of Thermo Fisher Scien
Company and UBS AG, and is Chairman of the audit committee of each of these companies as well as the Corporate Resp
UBS and the Strategy and Finance Committee of Thermo Fisher. He is a member of the Board of Trustees of Carnegie Ha
Board of Trustees of United Way Worldwide. Mr. Parrett is a Certified Public Accountant with an active license.

Board Composition

Our general partner seeks to ensure that the board of directors of our general partner is composed of members whose parti
qualifications, attributes and skills, when taken together, will allow the board to satisfy its oversight responsibilities effecti
candidates for membership on the board of directors of our general partner, Mr. Schwarzman takes into account (a) minim
such as strength of character, mature judgment, industry knowledge or experience and an ability to work collegially with t
board of directors, and (b) all other factors he considers appropriate.

After conducting an initial evaluation of a candidate, Mr. Schwarzman will interview that candidate if he believes the cand
a director and may also ask the candidate to meet with other directors and senior management. If, following such intervie
senior management, Mr. Schwarzman believes a candidate would be a valuable addition to the board of directors, he will a
board of directors of our general partner.

When considering whether the board s directors have the experience, qualifications, attributes and skills, taken as a whole
satisfy its oversight responsibilities effectively in light of the Partnership s business and structure, Mr. Schwarzman focus
described in each of the board members biographical information set forth above. In particular, with regard to Mr. Graue
considered his extensive financial background and significant management experience at Bloomberg L.P. With regard to M
Mr. Schwarzman considered his extensive financial background and experience in a variety of senior leadership roles, incl
Donaldson, Lufkin & Jenrette, Inc. and The Equitable Companies Incorporated. With regard to Ms. Lazarus, Mr. Schwarz
extensive business background and her management experience in a variety of senior leadership roles at Ogilvy & Mather
Mr. Schwarzman considered his distinguished career as a professor and dean at Harvard Business School with extensive k
the investment management and capital markets industries. With regard to Mr. Mulroney, Mr. Schwarzman considered his
government service, especially his service as the Prime Minister of Canada. With regard to Mr. Parrett, Mr. Schwarzman c
experience, expertise and background with regard to auditing and accounting matters, his leadership role at Deloitte and hi
serving as a director on boards of directors. With regard to Messrs. James, Hill, Goodman and Gray, Mr. Schwarzman con
extensive knowledge of our business and operations gained through their years of service at our firm and with regard to hi
considered his role as founder and long-time chief executive officer of our firm.

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Partnership Management and Governance

Our general partner, Blackstone Group Management L.L.C., manages all of our operations and activities. Our general part
to perform all acts that it determines to be necessary or appropriate to carry out our purposes and to conduct our business.
provides that our general partner in managing our operations and activities is entitled to consider only such interests and fa
its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of o
limited partners, and will not be subject to any different standards imposed by the partnership agreement, the Delaware Li
under any other law, rule or regulation or in equity. Blackstone Group Management L.L.C. is wholly owned by our senior
controlled by our founder, Mr. Schwarzman. Our common unitholders have only limited voting rights on matters affecting
have limited ability to influence management s decisions regarding our business. The voting rights of our common unitho
in our partnership agreement and in the Delaware Limited Partnership Act.

Blackstone Group Management L.L.C. does not receive any compensation from us for services rendered to us as our gene
partner is reimbursed by us for all expenses it incurs in carrying out its activities as general partner of the Partnership, incl
the general partner to its directors and the cost of directors and officers liability insurance obtained by the general partner.

The limited liability company agreement of Blackstone Group Management L.L.C. establishes a board of directors that is
of our business and operations. Our general partner s board of directors is elected in accordance with its limited liability c
our senior managing directors have agreed that our founder, Mr. Schwarzman will have the power to appoint and remove t
partner. The limited liability company agreement of our general partner provides that at such time as Mr. Schwarzman sho
Hamilton E. James will thereupon succeed Mr. Schwarzman as the sole founding member of our general partner, and there
to the members of our general partner holding a majority in interest in our general partner. We refer to the board of directo
Management L.L.C. as the board of directors of our general partner. The board of directors of our general partner has a
including six members who are not officers or employees, and are otherwise independent, of Blackstone and its affiliates,
partner.

The board of directors of our general partner has three standing committees: the audit committee, the conflicts committee
committee.

Audit Committee. The audit committee consists of Messrs. Parrett (Chairman), Grauer, Jenrette and Light and Ms. Lazaru
committee is to assist the board of directors of Blackstone Group Management L.L.C. in overseeing and monitoring (a) th
financial statements, (b) our compliance with legal and regulatory requirements, (c) our independent registered public acc
and independence, and (d) the performance of our independent registered public accounting firm. The members of the aud
independence standards and financial literacy requirements for service on an audit committee of a board of directors pursu
Exchange listing standards and SEC rules applicable to audit committees. The board of directors of our general partner has
is an audit committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K. Mr. Parrett serves on th
public companies, including Blackstone. The board of directors of our general partner determined at its January 2016 mee
of all relevant facts and circumstances known to the board of directors, Mr. Parrett s simultaneous service on the audit co
companies does not impair his ability to effectively serve on the audit committee of the board of directors of our general p
has a charter, which is available on our website at http://ir.blackstone.com under Corporate Governance.

Conflicts Committee. The conflicts committee consists of Messrs. Parrett (Chairman), Grauer, Jenrette and Light and Ms.
committee reviews specific matters that our general partner s board of

directors believes may involve conflicts of interest. The conflicts committee determines if the resolution of any conflict of fair and reasonable to the Partnership. Any matters approved by the conflicts committee are conclusively deemed to be fai not a breach by us of any duties we may owe to our common unitholders. In addition, the conflicts committee may review person transactions, other than those that are approved pursuant to our related person policy, as described under Item 1 Related Transactions, and Director Independence, and may establish guidelines or rules to cover specific categories of tr the conflicts committee meet the independence standards for service on an audit committee of a board of directors pursuan Stock Exchange rules relating to corporate governance matters.

Executive Committee. The executive committee of the board of directors of Blackstone Group Management L.L.C. consis James, Hill, Goodman and Gray. The board of directors has delegated all of the power and authority of the full board of di committee to act when the board of directors is not in session.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics and a Code of Ethics for Financial Professionals, which apply to our prin principal financial officer and principal accounting officer. Each of these codes is available on our website at http://ir.blac Governance. We intend to disclose any amendment to or waiver of the Code of Ethics for Financial Professionals and an Business Conduct and Ethics on behalf of an executive officer or director either on our Internet website or in an 8-K filing

Corporate Governance Guidelines

The board of directors of our general partner has a governance policy, which addresses matters such as the board of direct duties and the board of directors composition and compensation. The governance policy is available on our website at ht Corporate Governance.

Communications to the Board of Directors

The non-management members of our general partner s board of directors meet at least quarterly. The presiding director a board member meetings is Mr. Parrett. All interested parties, including any employee or unitholder, may send communica members of our general partner s board of directors by writing to: The Blackstone Group L.P., Attn: Audit Committee, 34 New York 10154.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the executive officers and directors of our gen who own more than ten percent of a registered class of the Partnership s equity securities to file initial reports of ownersh ownership with the SEC and furnish the Partnership with copies of all Section 16(a) forms they file. To our knowledge, ba the copies of such reports furnished to us or written representations from such persons that they were not required to file a unreported ownership or changes in ownership, we believe that, with respect to the fiscal year ended December 31, 2015, all such filing requirements, with the exception of a late filing, due to an administrative oversight, of a Form 4 report on A Mr. Goodman reflecting the acquisition of common units that were issued as partial consideration in connection with our a Partners L.P.

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ITEM 11. EXECUTIVE COMPENSATION
Compensation Discussion and Analysis

Overview of Compensation Philosophy and Program

The intellectual capital collectively possessed by our senior managing directors (including our named executive officers) a
most important asset of our firm. We invest in people. We hire qualified people, train them, encourage them to provide the
for the benefit of the investors in the funds we manage, and compensate them in a manner designed to retain and motivate
interests with those of the investors in our funds.

Our overriding compensation philosophy for our senior managing directors and certain other employees is that compensat
primarily of (a) annual cash bonus payments tied to the performance of the applicable business unit(s) in which such empl
interests (composed primarily of carried interest and incentive fee interests) tied to the performance of the investments ma
business unit in which such employee works or for which he or she has responsibility, (c) deferred equity awards reflectin
units, and (d) additional cash payments and deferred equity awards tied to extraordinary performance of such employee or
example, if there has been a change of role or responsibility). We believe base salary should represent a significantly lesse
compensation. We believe the appropriate combination of annual cash bonus payments and performance interests or defer
encourages our senior managing directors and other employees to focus on the underlying performance of our investment
performance of the firm and interests of our common unitholders. To that end, the primary form of compensation to our se
other employees who work in our carry fund operations is generally a combination of annual cash bonus payments related
carry fund operations, carried interest or incentive fee interests and, in specified cases, deferred equity awards. Along the s
of compensation to our senior managing directors and other employees who do not work in our carry fund operations is ge
annual cash bonus payments tied to the performance of the applicable business unit in which such employee works and de

Employees at higher total compensation levels are generally targeted to receive a greater percentage of their total compens
bonuses, participation in performance interests, and deferred equity awards and a lesser percentage in in the form of base s
employees who are paid less. We believe that the proportion of compensation that is at risk should increase as an emplo
rises.

Our compensation program includes significant elements that discourage excessive risk taking and aligns the compensatio
long-term performance of the firm. For example, notwithstanding the fact that for accounting purposes we accrue compens
Plans (as defined below) related to our carry funds as increases in the carrying value of the portfolio investments are recor
only make cash payments to our employees related to carried interest when profitable investments have been realized and
investors in our funds, followed by the firm and only then to employees of the firm. Moreover, if a carry fund fails to achi
returns due to diminished performance of later investments, our Performance Plans entitle us to claw back carried inter
to an employee for the benefit of the limited partner investors in that fund, and we escrow a portion of all carried interest p
to help fund their potential future clawback obligations, all of which further discourages excessive risk-taking by our e
investment funds that pay incentive fees, those incentive fees are only paid to the firm and employees of the firm to the ex
portfolio of investments has profitably appreciated in value (in most cases above a specified level) during the applicable p
noted below with respect to our named executive officers, the requirement that we have our professional employees invest
manage directly aligns the interests of our professionals and our investors. In most cases, these investments represent a sig
employees after-tax compensation. Lastly, because our deferred equity awards have significant vesting or deferral provis
compensation realized by the recipient will be tied directly to the long-term performance of our common units.

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We believe our current compensation and benefit allocations for senior professionals are best in class and are consistent w
alternative asset management industry. We do not generally rely on compensation surveys or compensation consultants. O
periodically reviews the effectiveness and competitiveness of our compensation program, and such reviews may in the fut
independent consultants.

Personal Investment Obligations. As part of our compensation philosophy and program, we require our named executive o
their own capital in and alongside the funds that we manage. We believe that this strengthens the alignment of interests be
and the investors in those investment funds. (See Item 13. Certain Relationships and Related Transactions, and Directo
or Alongside Our Funds .) In determining compensation for our named executive officers, we do not take into account the
the personal investments by our named executive officers in our investment funds.

For equity awards granted in 2014 and prior years, we also require each of our named executive officers to hold at least 25
(other than vested units awarded under our Deferred Compensation Plan) throughout their employment with the firm and g
following the termination of employment. We believe the continued ownership by our named executive officers of signific
through their direct and indirect interests in the Blackstone Holdings Partnerships affords significant alignment of interests
unitholders. In 2015, we revised the minimum retained ownership requirement in order to strengthen retention incentives.
awards granted in 2015 and onward our named executive officers are required to hold 25% of their vested units (other than
our Deferred Compensation Plan) until the earlier of (1) ten years after the applicable vesting date and (2) one year follow
employment.

Named Executive Officers

In 2015, our named executive officers were:

Executive	**Title**
Stephen A. Schwarzman	Chairman and Chief Executive Officer
Hamilton E. James	President, Chief Operating Officer
J. Tomilson Hill	Vice Chairman
Michael S. Chae	Chief Financial Officer
Laurence A. Tosi	Former Chief Financial Officer
John G. Finley	Chief Legal Officer

On July 23, 2015, Mr. Tosi resigned from his position as Chief Financial Officer, effective August 7, 2015. Simultaneousl
appointment of Michael S. Chae as Chief Financial Officer, effective upon Mr. Tosi s departure. In recognition of Mr. To
the firm over the course of his tenure as Chief Financial Officer and as consideration for a general release of claims in fav
parties, we determined it was appropriate to enter into a withdrawal agreement with Mr. Tosi which provided for a lump-s
modifications to two previously granted equity awards. The specific terms of Mr. Tosi s withdrawal agreement are discus
Payments Upon Termination of Employment or Change in Control Withdrawal Agreement with Laurence Tosi.

Compensation Elements for Named Executive Officers

The key elements of the compensation of the named executive officers listed in the tables below for 2015 were base comp
of base salary, cash bonus and equity-based compensation, and performance compensation, which is composed of carried
allocations:

1. Base Salary. Each named executive officer received a $350,000 annual base salary in 2015, which equals the total yearl
were received by each of our senior managing directors prior to our initial public offering in 2007. In keeping with histori
pay this amount as a base salary.

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2. Annual Cash Bonus Payments / Deferred Equity Awards. Since our initial public offering, Mr. Schwarzman has not rec
other than the $350,000 annual salary described above and the actual realized carried interest distributions or incentive fee
of his participation in the carried interest or incentive fees earned from our funds through our Performance Plans describe
having Mr. Schwarzman s compensation largely based on ownership of a portion of the carried interest or incentive fees e
his interests with those of the investors in our funds and our common unitholders.

Each of our named executive officers other than Mr. Schwarzman received annual cash bonus payments in 2015 in additio
cash payments included participation interests in the earnings of the firm s various investment businesses. Mr. Hill, who h
Hedge Fund Solutions, our funds of hedge funds operation, received a majority of his cash payments based upon the perfo
Indicative participation interests for each year were disclosed to a named executive officer at the beginning of such year an
the expected percentage participation that such named executive officer may have had in the relevant business unit(s) ea
However, the ultimate cash payments paid to the named executive officers at the end of the year in respect of their particip
determined in the discretion of Mr. Schwarzman and Mr. James, as described below. Earnings for a business unit are calcu
operating income of that business unit and are generally a function of the performance of such business unit, which is eval
and subject to modification by the firm in its sole discretion. The ultimate cash payment amounts were based on (a) the pri
performance of the named executive officer, (b) the prior and anticipated performance of the segments and product lines in
and for which he has responsibility, and (c) the estimated participation interests given to the officer at the beginning of the
investments to be made in that year. We make annual cash bonus payments in the first quarter of the ensuing year to rewar
for the prior year. The ultimate cash payments that are made are fully discretionary as further discussed below under D
Compensation.

For 2015, all employees other than Mr. Schwarzman, who does not receive an annual cash bonus payment, were deemed e
Deferred Compensation Plan. The Deferred Compensation Plan provides for the deferral of a portion of each participant s
The portion deferred is prescribed under the Deferred Compensation Plan and is subject to certain adjustments, including r
contributions to our investment funds. By deferring a portion of a participant s compensation for three years, the Deferred
an employment retention mechanism and thereby enhances the alignment of interests between such participant and the firm
are public companies utilize deferred compensation plans as a means of retaining and motivating their professionals, and w
interest of our common unitholders to do the same for our personnel. In 2014, Mr. Schwarzman and Mr. James, determine
retention incentives, it was appropriate to amend and restate our Deferred Compensation Plan beginning with awards gran
2014. In addition to modifying the deferral period from four years to three years, the amendments also revised the delivery
awards and replaced the former premium award component of the plan with the payment of current cash distribution equiv
unvested deferred awards. (See Nonqualified Deferred Compensation for 2015 Narrative to Nonqualified Deferred C

On January 20, 2016, Messrs. Hill and Finley each received a deferral award under the Deferred Compensation Plan of de
units in respect of their service in 2015. The amount of each participant s annual cash bonus payment deferred under the D
is calculated pursuant to a deferral rate table using the participant s total annual incentive compensation, which generally
annual cash bonus payment and any incentive fees earned in connection with our investment funds and is subject to certain
reductions for mandatory contributions to our investment funds. The percentage of the named executive officer s 2015 an
mandatorily deferred into deferred restricted common units was approximately 38.4% for Mr. Hill and 27.0% for Mr. Finl
reflected as stock awards for fiscal 2015 in the Summary Compensation Table and in the Grants of Plan-

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Based Awards in 2015 table. Messrs. James and Chae did not have any portion of their respective 2015 annual cash bonus
the Deferred Compensation Plan as their mandatory contributions to our investment funds fully offset their total annual in
addition, since Mr. Tosi resigned from the firm prior to the determination and payment of the annual cash bonuses, he was
annual cash bonus or to participate in the Deferred Compensation Plan with respect to fiscal 2015.

In January 2015, Messrs. Hill, Tosi and Finley were each awarded a discretionary award of 23,558, 117,790 and 176,685 c
Blackstone Holdings Partnership Units, respectively. These awards reflected 2014 performance and were also intended to
and to incentivize future performance. The awards were granted under the 2007 Equity Incentive Plan on July 1, 2015, sub
officer s continued employment through such date. Mr. Tosi forfeited this award in its entirety in connection with his resi
Mr. Hill s and Mr. Finley s outstanding award vests on substantially similar terms as the deferred restricted Blackstone H
granted to Mr. Finley in 2013 and 2014, except that (1) these awards will also be forfeited if the named executive officer is
and (2) upon a qualifying retirement, 50% of the unvested partnership units will continue to vest and be delivered over the
forfeiture if the named executive officer violates any applicable provision of his employment agreement or engages in any
such term is defined in the applicable award agreement). This award is reflected as a stock award for fiscal 2015 in the Su
for 2015 and in the Grants of Plan-Based Awards in 2015 table.

In January 2016, Messrs. Hill and Chae were each awarded a discretionary award of Blackstone Holdings Partnership Uni
$1,400,000 and $25,000,000, respectively. These awards reflected 2015 performance and are also intended to further prom
incentivize future performance. In addition, with respect to Mr. Chae, the award was granted in recognition of his appoint
Officer effective August 7, 2015. The awards will be granted under the 2007 Equity Incentive Plan and are expected to be
subject to the named executive officer s continued employment through such date. Other than with respect to Mr. Chae, w
vest annually in substantially equal installments over six years beginning in 2019, the awards will have the same vesting a
discretionary awards granted in 2015 in respect of 2014 performance. These awards will be reflected as stock awards for f
Compensation Table and in the Grants of Plan-Based Awards in 2016 table.

3. Participation in Performance Fees. During 2015, all of our named executive officers participated in the carried interest c
incentive fees of our funds that pay incentive fees through their participation interests in the carry or incentive fee pools ge
carry or incentive fee pool with respect to each fund in a given year is funded by a fixed percentage of the total amount of
fees earned by Blackstone for such fund in that year. We refer to these pools and employee participation therein as our P
payments made thereunder as performance payments. Because the aggregate amount of performance payments payable th
Plans is directly tied to the performance of the funds, we believe this fosters a strong alignment of interests between the in
these named executive officers, and therefore benefits our unitholders. In addition, most alternative asset managers, includ
competitors, use participation in carried interest or incentive fees as a central means of compensating and motivating their
believe that we must do the same in order to attract and retain the most qualified personnel. For purposes of our financial s
the income allocated to all our personnel who have participation interests in the carried interest or incentive fees generated
compensation, and the amounts of carried interest and incentive fees earned by named executive officers are reflected as
the Summary Compensation Table. Cash payments in respect of our Performance Plans for each named executive officer a
of the percentage participation in the relevant investments previously allocated to that named executive officer, which perc
established in January in each year in respect of the investments to be made in that year. The percentage participation for a
may vary from year to year and fund to fund due to several factors, and may include changes in the size and composition c

Blackstone personnel participating in such Performance Plan in a given year, the performance of our various businesses, n
businesses and product lines, and the named executive officer s leadership and oversight of the business or corporate func
executive officer is responsible and such named executive officer s contributions with respect to our strategic initiatives a
certain of our employees, including our named executive officers, may participate in profit sharing initiatives whereby the
allocations of investment income from Blackstone s firm investments. Our employees, including our named executive off
awards in our investment advisory clients and/or be allocated securities of such clients that we have received.

(a) *Carried Interest.* Distributions of carried interest in cash (or, in some cases, in-kind) to our named executive officers ar
participate in our Performance Plans relating to our carry funds depends on the realized proceeds and timing of the cash re
owned by the carry funds in which they participate. Our carry fund agreements also set forth specified preconditions to a c
which typically include that there must have been a positive return on the relevant investment and that the fund must be ab
hurdle rate. In addition, as described below, employees or senior managing directors may also be required to have fulfilled
requirements in order to be eligible to receive carried interest distributions. For our carry funds, carried interest distributio
officer s participation interests are generally made to the named executive officer following the actual realization of the in
of such carried interest is held back by the firm in respect of any future clawback obligation related to the fund. In alloc
the carry pools, we have not historically taken into account or based such allocations on any prior or projected triggering o
related to any fund. To the extent any clawback obligation were to be triggered, carried interest previously distributed t
would have to be returned to the limited partners of such fund, thereby reducing the named executive officer s overall con
Moreover, because a carried interest recipient (including Blackstone itself) may have to fund more than his or her respecti
obligation under the governing documents (generally, up to an additional 50%), there is the possibility that the compensati
executive officer for any given year could be significantly reduced or even negative in the event a clawback obligation

Participation in carried interest generated by our carry funds for all participating named executive officers other than Mr. S
vesting. Vesting serves as an employment retention mechanism and thereby enhances the alignment of interests between a
Performance Plans and the firm. For carried interest allocated on or prior to December 31, 2012 and carried interest earned
funds, each participating named executive officer (other than Mr. Schwarzman) vests in 25% of the carried interest related
immediately upon the closing of the investment by a carry fund with the remainder vesting in equal installments on the firs
of the closing of that investment (unless an investment is realized prior to the expiration of such three-year anniversary, in
executive officer is deemed 100% vested in the proceeds of such realizations). For carried interest allocated after Decembe
interest related to an investment vests in equal installments on the first through fourth anniversary of the closing of that inv
investment is realized prior to the expiration of such four-year anniversary, in which case such active executive officer is d
proceeds of such realizations). In addition, any named executive officer who is retirement eligible will automatically vest i
unvested carried interest allocation upon retirement. (See Non-Competition and Non-Solicitation Agreements Retire
carried interest participation enhances the stability of our senior management team and provides greater incentives for our
remain at the firm. Due to his unique status as a founder and the long-time chief executive officer of our firm, Mr. Schwar
carried interest participation related to any investment by a carry fund upon the closing of that investment.

(b) *Incentive Fees.* Cash distributions of incentive fees to our named executive officers and other employees who participa
relating to the funds that pay incentive fees depends on the performance of the investments owned by those funds in which
investment funds that

pay incentive fees, those incentive fees are only paid to the firm and employees of the firm to the extent an applicable fund has profitably appreciated in value (in most cases above a specified level) during the applicable period and following the c (if any) between the fund s general partner or investment adviser and the fund s investors, which occurs once a year (gen of each year).

(c) *Investment Advisory Client Interests*. BXMT is an investment advisory client of Blackstone. Compensation we receive clients in the form of securities may be allocated to employees and senior managing directors. For example, in 2015, Mess Tosi and Finley were allocated restricted shares of listed common stock of BXMT in connection with investment advisory Blackstone to BXMT. The value of these allocated restricted shares is reflected as All Other Compensation in the Sumr

4. Other Benefits. Upon the consummation of our initial public offering in June 2007, we entered into a founding member Mr. Schwarzman, which provides specified benefits to him following his retirement. (See Narrative Disclosure to Sum Grants of Plan-Based Awards in 2015 Schwarzman Founding Member Agreement .) Mr. Schwarzman is provided certa home security systems and monitoring, and personal and related security services. These security services are provided for of directors of our general partner considers the related expenses to be appropriate business expenses rather than personal Mr. Schwarzman. Nevertheless, the expenses associated with these security services are reflected in the All Other Compe Summary Compensation Table below.

Determination of Incentive Compensation

As our founder, Mr. Schwarzman sets his own compensation and reserves final approval of each named executive officer large part on recommendations from Mr. James. For 2015, these decisions were based primarily on Mr. Schwarzman s an such named executive officer s individual performance, operational performance for the segments or product lines in whi which he has responsibility, and the officer s potential to enhance investment returns for the investors in our funds and se and to contribute to long-term unitholder value. In evaluating these factors, Mr. Schwarzman and Mr. James relied upon th the ultimate amount of a named executive officer s annual cash bonus payment and participation in carried interest, incen advisory client interests that was necessary to properly induce the named executive officer to seek to achieve our objective executive officer in achieving those objectives over the course of the prior year. Key factors that Mr. Schwarzman conside determination with respect to Mr. James were his service as President and Chief Operating Officer, his role in overseeing t the firm, and his leadership on the strategic direction of the firm generally. Key factors that Mr. Schwarzman and Mr. Jam such determinations with respect to Mr. Hill were his leadership and oversight of our Hedge Fund Solutions business, incl oversight and development of new products and strategies, and his leadership on strategic initiatives undertaken by the fir Mr. Schwarzman and Mr. James considered in making such determinations with respect to Mr. Chae were his leadership a finance, treasury, technology and corporate development function and his role in strategic initiatives undertaken by the fir Mr. Schwarzman and Mr. James considered in making such determinations with respect to Mr. Finley were his leadership legal and compliance functions, his role in positioning the firm to be compliant with and respond to inquiries and requests regulate and monitor the public company as well as our investment businesses, and his role in strategic initiatives undertak Mr. Schwarzman and Mr. James also considered each named executive officer s prior-year annual cash bonus payments, interests disclosed to the named executive officer at the beginning of the year, his allocated share of performance interests Performance Plans, the appropriate balance between incentives for long-term and short-term performance, and the compen

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executive officer s peers within the firm. Since Mr. Tosi resigned from the firm prior to the determination and payment of
was not eligible to receive an annual cash bonus with respect to fiscal 2015.

Minimum Retained Ownership Requirements

The minimum retained ownership requirements for our named executive officers for equity awards granted in 2015 and pr
below under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2015 Term
Partnership Units Granted in 2015 and Prior Years Minimum Retained Ownership Requirements. The changes made to
ownership requirements for equity awards to be granted in 2015 and future years are described above under Compensat
Overview of Compensation Philosophy and Program Personal Investment Obligations.

Compensation Committee Report

The board of directors of our general partner does not have a compensation committee. The members of the executive com
directors identified below have reviewed and discussed with management the foregoing Compensation Discussion and An
review and discussion, have determined that the Compensation Discussion and Analysis should be included in this annual

Stephen A. Schwarzman, Chairman

Hamilton E. James

J. Tomilson Hill

Bennett J. Goodman

Jonathan D. Gray

Compensation Committee Interlocks and Insider Participation

As described above, we do not have a compensation committee. Our founder Mr. Schwarzman makes all such compensati
large part on recommendations from Mr. James. For a description of certain transactions between us and Mr. Schwarzman
Relationships and Related Transactions, and Director Independence.

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Summary Compensation Table

The following table provides summary information concerning the compensation of our Chief Executive Officer, our curr
our former Chief Financial Officer who resigned effective August 7, 2015 and each of our three other most highly compen
as executive officers at December 31, 2015, for services rendered to us. These individuals are referred to as our named exe
report.

Name and Principal Position	Year	Salary	Bonus (a)	Stock Awards (b)	All Compe
Stephen A. Schwarzman	2015	$ 350,000	$	$	$ 8
Chairman and Chief Executive Officer	2014	$ 350,000	$	$	$ 8
	2013	$ 350,000	$	$	$ 2
Hamilton E. James	2015	$ 350,000	$ 35,246,105	$	$ 4
President Chief Operating Officer	2014	$ 350,000	$ 37,435,891	$ 679,326	$ 3
	2013	$ 350,000	$ 34,471,212	$	$
J. Tomilson Hill	2015	$ 350,000	$ 9,253,650	$ 5,521,215	$
Vice Chairman	2014	$ 350,000	$ 13,557,310	$ 11,243,928	$
	2013	$ 350,000	$ 11,056,098	$ 14,515,676	$
Michael S. Chae	2015	$ 350,000	$ 4,650,000	$	$
Chief Financial Officer					
Laurence A. Tosi	2015	$ 210,898	$	$ 11,708,630	$
Former Chief Financial Officer	2014	$ 350,000	$ 6,632,140	$ 2,724,339	$
	2013	$ 350,000	$ 7,254,261	$ 729,067	$
John G. Finley	2015	$ 350,000	$ 3,284,157	$ 8,188,928	$
Chief Legal Officer	2014	$ 350,000	$ 3,981,393	$ 2,049,828	$
	2013	$ 350,000	$ 4,212,555	$ 243,022	$

(a) The amounts reported in this column reflect the annual cash bonus payments made for performance in the indicated
The amounts reported as bonus for 2015 for Messrs. Hill and Finley are shown net of their respective mandatory defer
Compensation Plan. The deferred amounts for 2015 were as follows: Mr. Hill, $5,766,064 and Mr. Finley, $1,213,353. Fo
the Deferred Compensation Plan, see Narrative Disclosure to Summary Compensation Table and Grants of Plan-Base
Compensation Plan.

(b) The reference to stock in this table refers to deferred restricted Blackstone Holdings Partnership Units or deferre
amounts reported in this column represent the grant date fair value of stock awards granted for financial statement r
accordance with GAAP pertaining to equity-based compensation. The assumptions used in determining the grant da
Note 16. Equity-Based Compensation in the Notes to Consolidated Financial Statements in Part II. Item 8. F
Supplementary Data.

Amounts reported for 2015 reflect the following deferred equity awards granted on January 20, 2016 for 2015 performanc
Compensation Plan: Mr. Hill, 191,883 deferred restricted common units with a grant date fair value of $4,557,221 and Mr
restricted common units with a grant date fair value of $958,978. The grant date fair value of the stock award reflecting th
computed in accordance with GAAP and generally differs from the dollar amount of the portion of the bonus that is requi
Deferred Compensation Plan. For additional information on the Deferred Compensation Plan, see Narrative Disclosure
Table and Grants of Plan-Based Awards in 2015 Deferred Compensation Plan.

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Amounts reported for 2015 also reflect the following discretionary equity awards granted on July 1, 2015 under the 2007 I
Mr. Hill, 23,558 deferred restricted Blackstone Holdings Partnership Units, Mr. Tosi, 117,790 deferred restricted Blacksto
Units and Mr. Finley, 176,685 deferred restricted Blackstone Holdings Partnership Units. The July 1, 2015 grant date fair
reflecting the discretionary equity award amount is computed in accordance with GAAP and generally differs from the do
discretionary equity award which was determined in January 2015. Mr. Tosi s award was forfeited in its entirety in conne
from the firm.

Pursuant to the terms of Mr. Tosi s withdrawal agreement, we agreed to modify (1) his award of 49,925 deferred restricte
January 16, 2015 to provide that, notwithstanding his resignation, the units will continue to vest and be settled in accordan
to Mr. Tosi s continued compliance with his non-competition and non-solicitation agreement through each applicable ves
344,154 unvested deferred restricted Blackstone Holdings Partnership Units granted on January 26, 2011, which was sche
January 1, 2016, by allowing him to vest in a number of Blackstone Holdings Partnership Units intended to approximate t
the original award. These actions were accounted for as modifications for financial statement reporting purposes in accord
amount reported for 2015 for Mr. Tosi reflects the incremental fair value, computed as of the August 7, 2015 deemed mod
with GAAP, with respect to each modified award. Mr. Tosi s withdrawal agreement with the firm, including the modifica
equity awards, is further discussed below under Potential Payments Upon Termination of Employment or Change in C
with Laurence Tosi.

(c) Amounts reported for 2015 include cash payments in respect of carried interest or incentive fee allocations relating t
the named executive officer in 2015 as follows: $88,296,986 for Mr. Schwarzman, $40,114,165 for Mr. James, $6,9
$1,634,816 for Mr. Hill, $5,235,443 for Mr. Tosi and $1,344,983 for Mr. Finley, respectively. Amount reported for
payments in connection with participation in certain profit sharing initiatives with respect to Blackstone s firm inve
distributions in respect of carried interest are reported based on the market value of the securities distributed as of th
2015, Messrs. Schwarzman, James and Chae were the only named executive officers who received such in-kind dist
determined to present compensation relating to carried interest and incentive fees within the Summary Compensatio
such compensation is paid to the named executive officer under the terms of the relevant Performance Plan. Accordi
in the table differ from the compensation expense recorded by us on an accrual basis for such year in respect of carri
fees allocable to a named executive officer, which accrued amounts for 2015 are separately disclosed in this footnot
Compensation Table. We believe that the presentation of the actual amounts of carried interest- and incentive fee-re
by a named executive officer during the year, instead of the amounts of compensation expense we have recorded on
appropriately reflects the actual compensation received by the named executive officer and represents the amount m
named executive officer s actual performance. By contrast, the amount of compensation expense accrued in respect
incentive fees allocable to a named executive officer can be highly volatile from year to year, with amounts accrued
in a following year, and vice versa, causing such amounts to be less useful as a measure of the compensation actuall
executive officer in any particular year.

To the extent compensation expense recorded by us on an accrual basis in respect of carried interest or incentive fee alloca
payments) were to be included for 2015, the amounts would be $99,273,000 for Mr. Schwarzman, $60,336,664 for Mr. Ja
Mr. Hill, $15,430,761 for Mr. Chae, $4,650,443 for Mr. Tosi and $1,618,340 for Mr. Finley. For financial statement repor
compensation expense is equal to the amount of carried interest and incentive fees related to performance fee revenues as
period as if the performance fee revenues in the funds generating such carried interest or incentive fees were realized as of
period.

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With respect to Messrs. Schwarzman, James, Tosi and Finley, amounts shown for 2015 also include the value of restricted
stock of BXMT allocated to such named executive officers based on the closing price of BXMT s common stock on the d
$604,539 for Mr. Schwarzman, $198,443 for Mr. James, $60,320 for Mr. Tosi (a portion of which was forfeited upon his r
Mr. Finley. These restricted shares will vest over three years with one-sixth of the shares vesting at the end of the second q
award and the remaining shares vesting in ten equal quarterly installments thereafter.

With respect to Mr. Tosi, amount shown for 2015 also includes a $500,000 lump-sum cash payment paid to Mr. Tosi on N
to the terms of his withdrawal agreement. Mr. Tosi s withdrawal agreement with the firm is further discussed below unde
Termination of Employment or Change in Control Withdrawal Agreement with Laurence Tosi.

With the exception of $236,292 of expenses related to security services for Mr. Schwarzman in 2015, perquisites and othe
named executive officers were less than $10,000 and information regarding perquisites and other personal benefits has the
noted above under Compensation Discussion and Analysis Compensation Elements for Named Executive Officers
expenses for security services for Mr. Schwarzman to be for our benefit, and the board of directors of our general partner c
expenses to be appropriate business expenses rather than personal benefits for Mr. Schwarzman. Mr. Schwarzman makes b
a car and driver and he and members of his family also make occasional business and personal use of an airplane in which
and in each case he bears the full cost of such personal usage. In addition, certain Blackstone personnel administer persona
Mr. Schwarzman and certain matters for the Stephen A. Schwarzman Education Foundation (SASEF), and Mr. Schwar
bear the full incremental cost to us of such personnel. Mr. James and members of his family make occasional business and
in which we have a fractional interest and he bears the full incremental cost of such personal usage. There is no incrementa
connection with the use of any car and driver, airplane or personnel by either of Messrs. Schwarzman or James, as describ

During 2015, cash distributions to our named executive officers in respect of Blackstone legacy funds and investments tha
Blackstone Holdings pursuant to the reorganization were $11,110 dollars to Mr. Schwarzman and $4,280 dollars to Mr. Ja

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Grants of Plan-Based Awards in 2015

The following table provides information concerning unit awards granted in 2015 or, for deferred restricted common units
Compensation Plan, with respect to 2015, to our named executive officers:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (a)
Stephen A. Schwarzman		
Hamilton E. James		
J. Tomilson Hill	7/1/2015	23,558(
	1/20/2016	191,883(
Michael S. Chae		
Laurence A. Tosi	7/1/2015	117,790(
	8/7/2015	176,604(
	8/7/2015	49,925(
John G. Finley	7/1/2015	176,685(
	1/20/2016	40,378(

(a) The references to stock or shares in this table refer to deferred restricted Blackstone Holdings Partnership Unit common units.

(b) Represents deferred restricted Blackstone Holdings Partnership Units granted under our 2007 Equity Incentive Plan performance. Mr. Tosi forfeited this award in its entirety in connection with his resignation from the firm.

(c) Represents deferred restricted common units granted in 2016 under the Deferred Compensation Plan for 2015 perfor reflected in the Stock Awards column of the Summary Compensation Table in 2015. (See Nonqualified Defe Narrative to Nonqualified Deferred Compensation for 2015 Table.) These grants are reflected in the Stock Awar Compensation Table in 2015.

(d) Pursuant to the terms of Mr. Tosi s withdrawal agreement, we agreed to modify (1) his award of 49,925 deferred re on January 16, 2015 to provide that, notwithstanding his resignation, the units will continue to vest and be settled in subject to Mr. Tosi s continued compliance with his non-competition and non-solicitation agreement through each a (2) his award of 344,154 unvested deferred restricted Blackstone Holdings Partnership Units granted on January 26, to cliff vest in full on January 1, 2016, by allowing him to vest in a number of Blackstone Holdings Partnership Unit the grant date fair value of the original award. The actual number of vested Blackstone Holdings Partnership Units v value equal to $5,000,000 using a 60-day day volume weighted average price as of February 1, 2016. These actions modifications for financial statement reporting purposes in accordance with GAAP and the amounts reported for 20 incremental fair value, computed as of the August 7, 2015 deemed modification date in accordance with GAAP, wit award. Mr. Tosi s withdrawal agreement with the firm, including the modifications to his two previously granted ec discussed below under Potential Payments Upon Termination of Employment or Change in Control Withdraw Tosi.

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Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2015

Terms of Blackstone Holdings Partnership Units Granted in 2015 and Prior Years

Our pre-IPO owners, including our named executive officers other than Mr. Tosi and Mr. Finley, received Blackstone Hol the reorganization in exchange for the contribution of their equity interests in our operating subsidiaries to Blackstone Hol Mr. Finley received grants of Blackstone Holdings Partnership Units following the commencement of their employment w Equity Incentive Plan. Subject to the vesting and minimum retained ownership requirements and transfer restrictions set fo agreements of the Blackstone Holdings Partnerships, these partnership units may be exchanged for our common units as d Certain Relationships and Related Transactions, and Director Independence Exchange Agreement below.

Vesting Provisions. The Blackstone Holdings Partnership Units received by our named executive officers (other than Mr. reorganization have the following vesting provisions:

25% of the Blackstone Holdings Partnership Units received by Mr. Schwarzman in the reorganization in excha his equity interests in our operating subsidiaries were fully vested, with the remaining 75% vesting, subject to employment, in equal installments on each anniversary of our initial public offering (June 21, 2007) over four Holdings Partnership Units received by Mr. Schwarzman in the reorganization in exchange for his interests in investments made by our carry funds prior to the date of the contribution were fully vested; and

25% of the Blackstone Holdings Partnership Units received by each of Messrs. James, Hill and Chae in the re the contribution of his equity interests in our operating subsidiaries were fully vested. The remaining units ves executive officer s continued employment, in equal installments on each anniversary of our initial public offe and are now fully vested. All of the Blackstone Holdings Partnership Units received by Messrs. James, Hill an in exchange for their interests in carried interest relating to investments made by our carry funds prior to the d fully vested.

As discussed under Potential Payments Upon Termination of Employment or Change in Control Withdrawal Agreem in connection with Mr. Tosi s resignation from the firm, we agreed to modify the terms of his 2015 equity awards. All of deferred restricted common units and deferred restricted Blackstone Holdings Partnership Units were immediately forfeite

The 500,000 deferred restricted Blackstone Holdings Partnership Units granted to Mr. Finley in 2010 under the 2007 Equi equal installments over five years on each anniversary of his hire date (September 1, 2010). The 20,454 deferred restricted Partnership Units granted to Mr. Finley in 2012 under the 2007 Equity Incentive Plan vested 20% on July 1, 2015 and ves 50% on July 1, 2017. The 11,578 deferred restricted Blackstone Holdings Partnership Units granted to Mr. Finley, in 2013 Incentive Plan vest 20% on July 1, 2016, 30% on July 1, 2017 and 50% on July 1, 2018. The 31,071 deferred restricted Bl Partnership Units granted to Mr. Finley in 2014 under the 2007 Equity Incentive Plan vest 20% on July 1, 2017, 30% on J July 1, 2019. The 176,685 deferred restricted Blackstone Holdings Partnership Units granted to Mr. Finley in 2015 under t Plan vest 20% July 1, 2018, 30% on July 1, 2019 and 50% on July 1, 2020.

Except as described below, unvested deferred restricted Blackstone Holdings Partnership Units are generally forfeited upo employment. With respect to Mr. Finley, the deferred restricted Blackstone Holdings Partnership Units granted to him in 2 fully vested if he is terminated by us without cause. A named executive officer who leaves our firm to accept specified typ government service will continue to vest in units as if he had not left our firm during the period of government service. In permanent disability of a named executive officer, all of his unvested deferred restricted Blackstone

Holdings Partnership Units held at that time will vest immediately. In connection with a named executive officer s termin
qualifying retirement, with respect to unvested deferred restricted Blackstone Holdings Partnership Units granted in 2014
units will generally be entitled to accelerated vesting and, with respect to unvested deferred restricted Blackstone Holdings
in 2015 and 2016, 50% of such units will continue to vest and be delivered over the vesting period, subject to forfeiture if
violates any applicable provision of his employment agreement or engages in any competitive activity (as such term is def
agreement). (See Non-Competition and Non-Solicitation Agreements Retirement.) Further, in the event of a change in
Blackstone Holdings partnership agreements as the occurrence of any person becoming the general partner of The Blackst
person approved by the current general partner), any deferred restricted Blackstone Holdings Partnership Units will autom
of immediately prior to such change in control.

All vested and unvested Blackstone Holdings Partnership Units and deferred restricted Blackstone Holdings Partnership U
received in exchange for such Blackstone Holdings Partnership Units) held by a named executive officer will be immediat
materially breaches any of his restrictive covenants set forth in the non-competition and non-solicitation agreement outline
and Non-Solicitation Agreements or his service is terminated for cause.

Minimum Retained Ownership Requirements. For units granted in 2014 and prior years, while employed by us and general
the termination of employment, each of our named executive officers (except as otherwise provided below) will be require
may not transfer) at least 25% of all vested units (other than vested units awarded under our Deferred Compensation Plan)
granted in 2015 and future years each of our named executive officers (except as otherwise provided below) will be requir
vested units (other than vested units awarded under our Deferred Compensation Plan) until the earlier of (1) ten years after
and (2) one year following termination of employment. The requirement that one continue to hold at least 25% of such ves
qualification in Mr. Schwarzman s case that in no event will he be required to hold units having a market value greater th
named executive officers is in compliance with these minimum retained ownership requirements.

Transfer Restrictions. None of our named executive officers may transfer Blackstone Holdings Partnership Units other tha
programs approved by our general partner.

This transfer restriction applies to sales, pledges of Blackstone Holdings Partnership Units, grants of options, rights or war
Holdings Partnership Units or swaps or other arrangements that transfer to another, in whole or in part, any of the econom
ownership of the Blackstone Holdings Partnership Units other than as approved by our general partner. We expect that our
approve pledges or transfers to personal planning vehicles beneficially owned by the families of our pre-IPO owners and c
the pledgee, transferee or donee agrees to be subject to the same transfer restrictions (except as specified above with respe
Transfers to Blackstone are also exempt from the transfer restrictions.

The transfer restrictions set forth above will continue to apply generally for one year following the termination of employ
officer other than Mr. Schwarzman for any reason, except that the transfer restrictions set forth above will lapse upon deat
The transfer restrictions will lapse in the event of a change in control (as defined above).

The Blackstone Holdings Partnership Units received by other Blackstone personnel in the reorganization and pursuant to t
Plan are also generally subject to the vesting and minimum retained ownership requirements and transfer restrictions appli
executive officers other than Mr. Schwarzman, although non-senior managing directors are also generally subject to vestin
the Blackstone Holdings Partnership Units received by such personnel in the reorganization in exchange for their interests

Schwarzman Founding Member Agreement

Upon the consummation of our initial public offering, we entered into a founding member agreement with Mr. Schwarzma
agreement provides that he will remain our Chairman and Chief Executive Officer while continuing service with us and re
months prior written notice of intent to terminate service with us. The agreement provides that following retirement, Mr.
with specified retirement benefits, including that he will be permitted until the third anniversary of his retirement date to re
will be provided with a car and driver. Commencing on the third anniversary of his retirement date and continuing until th
we will provide him with an appropriate office if he so requests. Additionally, Mr. Schwarzman will be provided with an a
services during the ten-year period following his retirement date.

Mr. Schwarzman will also continue to receive health benefits following his retirement until his death, subject to his contin
health insurance premiums consistent with current policies. Additionally, before his retirement and during the ten-year per
Mr. Schwarzman and any foundations he may establish may continue to invest in our investment funds on a basis generall
other partners.

Senior Managing Director Agreements

Upon the consummation of our initial public offering, we entered into substantially similar senior managing director agree
named executive officers and other senior managing directors other than our founder, Mr. Tosi and Mr. Finley. Senior man
joined the firm after our initial public offering (including Mr. Tosi and Mr. Finley) have also entered into senior managing
agreements generally provide that each senior managing director will devote substantially all of his or her business time, s
to us in a diligent manner. Each senior managing director will be paid distributions and benefits in amounts determined by
time in its sole discretion. The agreements require us to provide the senior managing director with 90 days prior written n
or her service with us (other than a termination for cause). Additionally, the agreements require each senior managing dire
written notice of intent to terminate service with us and require the senior managing director to be placed on a 90-day peri
the senior managing director s termination of service (as further described under the caption Non-Competition and No
below).

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Outstanding Equity Awards at 2015 Fiscal Year End

The following table provides information regarding outstanding unvested equity awards made to our named executive offi
2015. In connection with the spin-off of the operations that historically constituted Blackstone s Financial Advisory segm
capital markets services business, unvested deferred restricted common units and unvested deferred restricted Blackstone
were generally adjusted by granting additional unvested deferred restricted units in order to maintain the intrinsic value of
pursuant to the terms of the 2007 Equity Incentive Plan. The awards otherwise retained the original terms and conditions a

	Stoc
Name	Number of Shares or Units of Stock That Have Not Vested
Stephen A. Schwarzman	
Hamilton E. James (c)	
J. Tomilson Hill (c)	190,469
Michael S. Chae	
Laurence A. Tosi (d)	50,718
John G. Finley	310,188

(a) The references to stock or shares in this table refer to unvested deferred restricted Blackstone Holdings Partne
restricted common units granted under the Deferred Compensation Plan (including deferred restricted common units
2016 in respect of 2015 performance and the unvested premium portion of deferred restricted common units granted
Deferred Compensation Plan). The vesting terms of these awards are described under the captions Narrative Discl
Compensation Table and Grants of Plan-Based Awards in 2015 Terms of Blackstone Holdings Partnership Units
Years above and Nonqualified Deferred Compensation for 2015 Narrative to Nonqualified Deferred Compen

(b) The dollar amounts shown under this column were calculated by multiplying the number of unvested deferred restric
Partnership Units or unvested deferred restricted common units held by the named executive officer by the closing n
Blackstone common unit on December 31, 2015, the last trading day of 2015, other than the deferred restricted com
respect of 2015 performance, which are valued as of the date of their grant.

(c) This table does not reflect (1) undelivered deferred restricted common units that were granted to Messrs. James and
Deferred Compensation Plan in respect of 2014 performance that were considered vested on the date of grant due to
(2) undelivered deferred restricted common units that were granted to Mr. Hill in 2016 pursuant to the Deferred Co
2015 performance that were considered vested on the date of grant due to his retirement eligibility and (3) mandato
undelivered, deferred restricted common units that were granted to Mr. Hill pursuant to the Deferred Compensation
prior years. These deferred restricted common units are reflected in the Nonqualified Deferred Compensation for 20

(d) As described under Potential Payments Upon Termination of Employment or Change in Control Withdrawal
below, in connection with Mr. Tosi s resignation, effective August 7, 2015, we entered into a withdrawal agreemen
2015 pursuant to which we agreed to modify (1) his award of 49,925 deferred restricted common units granted on Ja
that, notwithstanding his resignation, the units will continue to vest and be settled in accordance with their terms, su
compliance with his non-competition and non-solicitation agreement through each applicable vesting date and (2) hi
deferred restricted Blackstone Holdings Partnership Units granted on January 26, 2011, which was scheduled to clif
2016, by allowing him to vest in a number of Blackstone Holdings Partnership Units intended to approximate the gr
original award. All other unvested deferred restricted common units and deferred restricted Blackstone Holdings Pa
immediately forfeited upon his resignation.

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Option Exercises and Stock Vested in 2015

The following table provides information regarding the number of outstanding initially unvested equity awards made to ou
that vested during 2015 or, for deferred restricted common units granted to Mr. Hill under the Deferred Compensation Pla

Name	Stock Number of Shares Acquired on Vesting
Stephen A. Schwarzman	
Hamilton E. James	4,111,528
J. Tomilson Hill (c)	1,644,227
Michael S. Chae	909,734
Laurence A. Tosi (d)	198,876
John G. Finley	104,090

(a) The references to stock or shares in this table refer to Blackstone Holdings Partnership Units, deferred restricte
Partnership Units and our deferred restricted common units.

(b) The value realized on vesting is based on the closing market prices of our common units on the day of vesting.

(c) For Mr. Hill, includes 191,883 deferred restricted common units granted pursuant to the Deferred Compensation Pla
vesting of $4,557,221, which were all considered vested on the date of grant due to Mr. Hill s retirement eligibility.
common units are scheduled to be delivered in equal annual installments over the three year deferral period and are
Deferred Compensation for 2015 Table below.

(d) For Mr. Tosi, includes 176,604 deferred restricted Blackstone Holdings Partnership Units vested on the date of gran
the terms of his withdrawal agreement as a modification to his award of 344,154 unvested deferred restricted Blacks
Units granted on January 26, 2011, which was scheduled to cliff vest in full on January 1, 2016. The actual number
Holdings Partnership Units was based on fair market value equal to $5,000,000 using a 60-day volume weighted ave
2016.

Nonqualified Deferred Compensation for 2015

The following table provides (1) undelivered deferred restricted common units that were granted to Messrs. James and Hil
Deferred Compensation Plan in respect of 2014 performance that were considered vested on the date of grant due to their
upon which the underlying common units have not yet been delivered, (2) undelivered deferred restricted common units th
in 2016 pursuant to the Deferred Compensation Plan in respect of 2015 performance that were considered vested on the da
retirement eligibility, but upon which the underlying common units have not yet been delivered, and (3) mandatorily defe
undelivered, deferred restricted common units that were granted to Mr. Hill pursuant to the Deferred Compensation Plan i
years.

Name	Executive Contributions in 2015	Registrant Contributions in 2015 (a)	Aggregate Earnings (Losses) in 2015 (b)	Aggr Withdr Distribu
Stephen A. Schwarzman	$	$	$	$
Hamilton E. James	$	$ 10,089	$ (31,415)	$
J. Tomilson Hill	$	$ 4,959,022	$ (1,575,425)	$ 13,
Michael S. Chae	$	$	$	$
Laurence A. Tosi	$	$	$	$
John G. Finley	$	$	$	$

(a) This column represents the mandatory deferral of a portion of Mr. Hill s annual cash bonus for 2015 into 191,883 d
units, respectively pursuant to our Deferred Compensation Plan. These units were granted to Mr. Hill in 2016 in resp
These deferred restricted common units are deemed vested due to retirement eligibility, but will be delivered in equa
three years. This amount is also reflected in the Stock Awards column of the Summary Compensation Table for t
(see footnote (b) to the Summary Compensation Table). In addition, this column includes the value of an additional
restricted common units granted to Messrs. James and Hill, respectively, as a result of the adjustments made in conn
the operations that historically constituted Blackstone s Financial Advisory segment, other than Blackstone s capit
The adjustments did not result in any incremental fair value in accordance with GAAP and therefore there are no am
additional deferred restricted common units reported as compensation in the Summary Compensation Table for the l

(b) This column represents the earnings/(losses) during 2015 on deferred restricted common units granted to Messrs. Ja
Deferred Compensation Plan (including the additional deferred restricted common units granted as a result of the ad
connection with the spin-off) through the earlier of their delivery or December 31, 2015. In addition, this column inc
current cash distribution equivalents on deferred restricted common units granted to Messrs. James and Hill pursuan
Compensation Plan in 2015 in respect of 2014 (including the additional deferred restricted common units granted as
made in connection with the spin-off) through the earlier of their delivery or December 31, 2015. No portion of any
considered above-market or preferential and, accordingly, no earnings are reflected in the Summary Compensation T

(c) Represents the value of 332,785 deferred common units that were delivered to Mr. Hill in 2015 based on the closing
common unit on the date(s) of delivery. Also includes the payment of current cash distribution equivalents on deferr
granted to Messrs. James and Hill pursuant to the Deferred Compensation Plan in 2015 in respect of 2014 (including
restricted common units granted as a result of the adjustments made in connection with the spin-off).

(d) Represents the value as of December 31, 2015 of 20,497 deferred common units granted to Mr. James and 1,009,32
granted to Mr. Hill. With respect to Messrs. James and Hill, $679,326 and $22,621,020 has been previously reported
column of the Summary Compensation Table, respectively. The values set forth in this column are based on the clos
per Blackstone common units on December 31, 2015, other than the units granted in 2016 in respect of 2015 perforr
of the date of their grant.

Narrative to Nonqualified Deferred Compensation for 2015 Table

In 2007, we established our Deferred Compensation Plan (which we also refer to as our Bonus Deferral Plan) for certai
Blackstone and certain of its affiliates in order to provide such eligible employees with a pre-tax deferred incentive compe
enhance the alignment of interests between such eligible employees and Blackstone and its affiliates. The Deferred Compe
nonqualified deferred compensation plan which provides for the automatic, mandatory deferral of a portion of each partici
payment.

At the end of each year, the Plan Administrator (as defined in the Deferred Compensation Plan) selects plan participants in
notifies such individuals that they have been selected to participate in the Deferred Compensation Plan for such year. Parti
those employees selected by the Plan Administrator to be participants. An individual, if selected, may not decline to partic
Compensation Plan and an individual who is not so selected may not elect to participate in the Deferred Compensation Pla
participants is made on an annual basis; an individual selected to participate in the Deferred Compensation Plan for a give
be selected to participate in a subsequent year. For 2015, all employees other than Mr. Schwarzman, who does not receive
payment, were deemed eligible to participate in the Deferred Compensation Plan, with the deferred amount (if any) detern

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table described below. Accordingly, Messrs. James, Hill, Chae and Finley each participated in the Deferred Compensation
Messrs. James and Chae did not have any portion of their respective 2015 annual cash bonus payments deferred under the
Plan as their mandatory contributions to our investment funds fully offset their total annual incentive compensation. In add
resigned from the firm prior to the determination and payment of the annual cash bonuses, he was not eligible to receive an
participate in the Deferred Compensation Plan with respect to fiscal 2015.

In respect of the deferred portion of his or her annual cash bonus payment, each participant receives deferral units which re
the future a specified amount of common units or Blackstone Holdings Partnership Units or other equity-based awards und
Incentive Plan, subject to vesting provisions described below. The amount of each participant s annual cash bonus payme
Deferred Compensation Plan is calculated pursuant to a deferral rate table using the participant s total annual incentive co
includes such participant s annual cash bonus payment and any incentive fees earned in connection with our investment fu
adjustments, including reductions for mandatory contributions to our investment funds. For deferrals of 2015 annual cash b
percentage was calculated on the basis set forth in the following table (or such other table that may be adopted by the Plan

Portion of Annual Incentive	Marg Defe Ra Appli to Su Port
$0 - 100,000	
$100,001 - 200,000	
$200,001 - 500,000	
$500,001 - 750,000	
$750,001 - 1,250,000	
$1,250,001 - 2,000,000	
$2,000,001 - 3,000,000	
$3,000,001 - 4,000,000	
$4,000,001 - 5,000,000	
$5,000,000 +	

(a) Effective deferral rates are shown for illustrative purposes only and are based on an annual cash payment equal to th
the range shown in the far left column (which is assumed to be $7,500,000 for the last range shown).

Mandatory Deferral Awards. Generally, deferral units are satisfied by delivery of our common units in equal annual instal
period, which was three years for grants made in respect of years prior to 2012 and four years for grants made in respect o
no partial-year delivery). In 2015, the Deferred Compensation Plan was amended to return the deferral period to three year
of 2014 and subsequent years. Delivery of our common units underlying vested deferral units is delayed until anticipated t
better facilitate the participant s liquidity to meet tax obligations. If the participant s employment is terminated for cause,
deferral units (vested and unvested) will be immediately forfeited. Upon a change in control or termination of the participa
death, any undelivered deferral units (vested and unvested) will become immediately deliverable. With respect to deferral
2013 and prior years, if the participant s employment is terminated without cause or because of resignation, qualifying ret
participant s deferral units will continue to be delivered over the applicable deferral period. However, if, following a term
without cause or because of resignation, qualifying retirement or disability, the participant violates any applicable provisio
agreement (or, in the case of a resignation, engages in a competitive business (as such term is defined in his or her employ
deferral units that remain undelivered as of the date of such violation, will be immediately forfeited. In 2015, the Deferred
amended to modify the terms

of the mandatorily deferred restricted common units to provide that unvested bonus deferral awards in respect of 2014 and
be forfeited upon resignation, will immediately vest and be delivered if the participant s employment is terminated withou
disability and, in connection with a qualifying retirement, will continue to vest and be delivered over the applicable deferr
forfeiture if the participant violates any applicable provision of his her employment agreement or engages in any competit
defined in the Deferred Compensation Plan).

The 49,925 and 29,892 deferred restricted common units granted under the Deferred Compensation Plan to Mr. Tosi and M
performance, respectively, vest 33.3% on January 16, 2016, 33.3% on January 16, 2017 and 33.4% on January 16, 2018. T
restricted common units granted under the Deferred Compensation Plan to Mr. Finley in 2016 for 2015 performance vest 3
33.3% on January 20, 2018 and 33.4% on January 20, 2019.

Premium Awards. Prior to deferrals in respect of 2014 performance, each plan participant was eligible to receive a premiu
to a percentage of his or her deferral amount. The percentage was selected by the Plan Administrator. Generally, except in
premium award percentage was 20%. Generally, the premium award percentage in respect of 2012 was 25%. The deferral
award yielded the total amount of deferral units that a participant was awarded for any given year. The entire premium por
with specified exceptions, subject to continued employment of such participant through the end of the applicable deferral p
delivered at the end of such deferral period. As is the case with respect to the mandatory deferral units, delivery of our con
vested premium portion of the participant s deferral units is delayed until anticipated trading window periods to better fac
liquidity to meet tax obligations. If the participant s employment is terminated for cause, the premium portion of the parti
units (vested and unvested) will be immediately forfeited. In connection with a participant s termination of employment w
resignation, the entire unvested premium portion of the participant s deferral units will be immediately forfeited. In conne
termination of employment due to qualifying retirement, 50% of the unvested premium portion of the participant s deferra
the end of the applicable deferral period and be delivered on the applicable delivery date. In connection with a participant
due to disability, the entire unvested premium portion of the participant s deferral units will continue to vest at the end of
and be delivered on the applicable delivery date. However, if, following a termination of employment because of qualifyin
the participant violates any applicable provision of his or her employment agreement, including specified restrictive coven
then any such deferral units that remain undelivered as of the date of such violation will be immediately forfeited. Upon a
termination of the participant s employment because of death, the entire unvested premium portion of the participant s de
vest and become deliverable. In 2015, the Deferred Compensation Plan was amended to replace the premium award comp
payment of current cash distribution equivalents on both vested and unvested deferred awards beginning with awards gran
2014. As a result, no premium awards were granted in 2016 in respect of 2015 performance.

The 166,537 deferred restricted common units granted to Mr. Hill as premium awards under the Deferred Compensation P
January 1, 2017 and 49.8% on January 13, 2018.

Potential Payments Upon Termination of Employment or Change in Control

Upon a change of control event where any person (other than a person approved by our general partner) becomes our gene
of employment because of death, any unvested deferred restricted Blackstone Holdings Partnership Units or unvested defe
units held by any of our named executive officers will automatically be deemed vested as of immediately prior to such occ
control or such termination of employment. Had such a change of control or such a termination of employment occurred o
last business day of 2015, each of our named executive officers would have vested in the following numbers of deferred re
Holdings Partnership Units and deferred restricted

common units, having the following values based on our closing market price of $29.24 per Blackstone common unit on D
than the deferred restricted common units granted in 2016 in respect of 2015 performance, which are valued as of the date
Schwarzman, James and Chae had no outstanding unvested units at December 31, 2015; Mr. Hill 23,932 deferred restric
Partnership Units and 166,537 deferred restricted common units, representing the premium portion of his deferred restricte
aggregate value of $5,569,313 and Mr. Finley 239,443 deferred restricted Blackstone Holdings Partnership Units and 70
common units with an aggregate value of $8,848,222. In addition, the Deferred Compensation Plan provides that upon a c
termination of the participant s employment because of death, any fully vested but undelivered deferred restricted commo
immediately deliverable. Therefore, had a change of control or such termination of employment occurred on December 31
Mr. Hill would also have been entitled to accelerated delivery of the 20,497 and 531,134 deferred restricted common units
granted to them pursuant to the Deferred Compensation Plan and were considered vested on the date of grant due to their r
Mr. Hill would also have been entitled to accelerated delivery of his 478,192 mandatorily deferred and vested, but undeliv
common units granted to him under the Deferred Compensation Plan outstanding as of December 31, 2015.

Upon a termination of employment because of disability, any unvested Blackstone Holdings Partnership Units, unvested d
Holdings Partnership Units or unvested deferred restricted common units granted under the Deferred Compensation Plan i
subsequent years will also automatically be deemed vested. However, with respect to the premium portion of deferred rest
under the Deferred Compensation Plan in respect of 2013 and prior years, in connection with a participant s termination c
disability, such deferral units will continue to vest at the end of the applicable deferral period and be delivered on the appli
to the participant not violating any applicable provision of his or her employment agreement. Therefore, had a termination
disability occurred on December 31, 2015, each of our named executive officers would have vested in the numbers of defe
Holdings Partnership Units set forth in the paragraph immediately above, having the values set forth above, but Mr. Hill w
vested in his 166,537 unvested deferred restricted common units, which represent the premium portion of his deferred rest
addition, Mr. James and Mr. Hill would also have been entitled to accelerated delivery in the numbers of deferred restricte
the paragraph immediately above that were granted to them pursuant to the Deferred Compensation Plan and were conside
grant due to their retirement eligibility.

In connection with a named executive officer s termination of employment due to qualifying retirement, a named executiv
in 50% of their unvested Blackstone Holdings Partnership Units or unvested deferred restricted Blackstone Holdings Partn
and prior years. (See Non-Competition and Non-Solicitation Agreements Retirement.) As of December 31, 2015, Mr.
retirement eligible. Mr. James had no outstanding unvested units at December 31, 2015. If Mr. Hill had retired on Decemb
would have vested in 11,966 deferred restricted Blackstone Holdings Partnership Units with a value of $349,886 based on
$29.24 per Blackstone common unit on December 31, 2015. In addition, if Mr. Hill had retired on December 31, 2015, the
Compensation Plan provides that 50% of the unvested premium portion of his deferred restricted common units would co
the applicable deferral period and be delivered on the applicable delivery date, subject to forfeiture of any deferral units w
of the date of the breach of any applicable provision of his employment agreement.

Upon a termination of Mr. Finley s employment without cause, the unvested deferred restricted Blackstone Holdings Part
in 2013 and 2014 and the deferred restricted common units grant to him under the Deferred Compensation Plan in respect
become fully vested. Had such a termination without cause occurred on December 31, 2015, Mr. Finley would have veste
of deferred restricted Blackstone Holdings Partnership Units and deferred restricted common units, having the following v
market price of $29.24 per Blackstone common unit on December 31, 2015,

other than the deferred restricted common units granted in 2016 in respect of 2015 performance, which are valued as of th
Mr. Finley 43,327 deferred restricted Blackstone Holdings Partnership Units and 70,745 deferred restricted common uni
$3,113,790. In addition, Mr. James and Mr. Hill would also have been entitled to accelerated delivery in the numbers of d
units set forth above in the first paragraph of this section that were granted to them pursuant to the Deferred Compensatio
vested on the date of grant due to their retirement eligibility.

In addition, except as described below, unvested carried interest in our carry funds is generally forfeited upon termination
death or disability of any named executive officer who participates in the carried interest of our carry funds, the named ex
deemed 100% vested in any unvested portion of carried interest in our carry funds. Furthermore, any named executive offi
eligible will automatically vest in 50% of their otherwise unvested carried interest allocation upon retirement. (See No
Non-Solicitation Agreements Retirement.) As of December 31, 2015, Mr. James and Mr. Hill were retirement eligible f
interest allocations.

In addition, pursuant to Mr. Schwarzman s Founding Member Agreement described above under Narrative Disclosure t
Table and Grants of Plan-Based Awards in 2015 Schwarzman Founding Member Agreement, following retirement, Mr.
with specified retirement benefits, including an assistant during the ten-year period following his retirement and a car and
period following his retirement. As of December 31, 2015, the aggregate present value of these expected costs was $1.3 m
approximately $158,000, $180,000 and $200,000 were expensed for financial statement purposes in each of the years end
and 2013, respectively.

Withdrawal Agreement with Laurence Tosi

On July 24, 2015, Blackstone announced that Laurence Tosi resigned from his position as Chief Financial Officer of Blac
L.L.C., our general partner, effective August 7, 2015 (the Effective Date).

In connection with his resignation, Mr. Tosi entered into a withdrawal agreement with Blackstone on November 3, 2015,
summarized below. Under the terms of the withdrawal agreement, Mr. Tosi agreed to enter into a general release of claim
its related parties and affirmed his non-competition, non-solicitation, non-disparagement and confidentiality covenants co
non-competition and non-solicitation agreement. All payments and benefits are subject to Mr. Tosi s timely execution an
and compliance with these restrictive covenants.

Under the terms of the withdrawal agreement, Mr. Tosi received $500,000 payable in a lump-sum cash payment within 15
his agreement and the unvested portion of Mr. Tosi s carried interest in (1) all Blackstone Innovations LLC and Blacksto
LP investments made through the Effective Date and (2) Blackstone s investment in Ipreo Holdings, LLC was vested. Ex
Mr. Tosi s other unvested carried interest was forfeited as of the Effective Date.

In addition, under the terms of the withdrawal agreement, Mr. Tosi s outstanding Blackstone unvested equity awards wer

- 49,925 deferred restricted common units held by Mr. Tosi pursuant to the terms of Blackstone s Sixth Amen
Deferral Plan, as amended, will, notwithstanding Mr. Tosi s withdrawal, continue to vest and be settled in ac
subject to Mr. Tosi s continued compliance with the non-competition and non-solicitation agreement through
and

- Mr. Tosi forfeited 576,837 unvested units of Blackstone and/or Blackstone Holdings with a value, as of the E
million. Nonetheless, Blackstone agreed to provide Mr. Tosi with (1) quarterly payments from the Effective D
2016 equal to quarterly distributions to be made in

respect of 125,448 Blackstone Holdings Partnership Units during such time and (2) a modification to his awar
deferred restricted Blackstone Holdings Partnership Units granted on January 26, 2011, which was scheduled
January 1, 2016. Given Mr. Tosi was only approximately five months away from satisfying the service require
time of his departure, we determined it was appropriate to allow him to vest in a number of vested Blackstone
intended to approximate the grant date fair value of the original award. The actual number of vested Blackstor
Units was based on fair market value equal to $5,000,000 using a 60-day day volume weighted average price a
quarterly distribution payments and the modification to his January 26, 2011 award were both subject to Mr. T
non-competition and non-solicitation agreement. If the number of Blackstone Holdings Partnership Units in cl
number of Blackstone Holdings Partnership Units in clause (1), then Mr. Tosi would be entitled to an addition
distributions from the Effective Date through February 1, 2016 with respect to such excess number of Blackst
Units. If the number of Blackstone Holdings Partnership Units in clause (1) was greater than the number of Bl
Partnership Units in clause (2), then the number of Blackstone Holdings Partnership Units Mr. Tosi would be
reduced by a number of units with a value equal to the excess of the distributions Mr. Tosi received with respe
Blackstone Holdings Partnership Units. Based on the 60-trading day volume weighted average price as of Feb
received 176,604 vested Blackstone Holdings Partnership Units and since the number of units was greater tha
an additional cash payment of $24,090.

Non-Competition and Non-Solicitation Agreements

Upon the consummation of our initial public offering, we entered into a non-competition and non-solicitation agreement w
senior managing directors, most of our other professional employees and specified senior administrative personnel to who
Contracting Employees. Contracting Employees who have joined the firm after our initial public offering, such as Mr. T
executed non-competition and non-solicitation agreements. The following are descriptions of the material terms of each su
non-solicitation agreement. With the exception of the few differences noted in the description below, the terms of each no
non-solicitation agreement are generally in relevant part similar.

Full-Time Commitment. Each Contracting Employee agrees to devote substantially all of his or her business time, skill, en
her responsibilities at Blackstone in a diligent manner. Our founder Mr. Schwarzman has agreed that our business will be
and that he will devote such time and attention to the business of the firm as may be reasonably requested by us.

Confidentiality. Each Contracting Employee is required, whether during or after his or her employment with us, to protect
information in accordance with strict restrictions placed by us on its use and disclosure. (Every employee of ours is subje
confidentiality obligations imposed by our Code of Conduct applicable to all Blackstone personnel.)

Notice of Termination. Each Contracting Employee is required to give us prior written notice of his or her intention to leav
the case of Mr. Schwarzman, 90 days for all of our other senior managing directors and between 30 and 60 days in the cas
Employees.

Garden Leave. Upon his or her voluntary departure from our firm, a Contracting Employee is required to take a prescribed
period of garden leave is 90 days for our non-founding senior managing directors and between 30 and 60 days for all other
During this period the Contracting Employee will continue to receive some of his or her Blackstone compensation and ber
commencing employment with a new employer until the garden leave period has expired. The period of garden

leave for each Contracting Employee will run coterminously with the non-competition Restricted Period that applies to hi
Our founder Mr. Schwarzman is subject to non-competition covenants but not garden leave requirements.

Non-Competition. During the term of employment of each Contracting Employee, and during the Restricted Period (as suc
immediately thereafter, he or she will not, directly or indirectly:

- engage in any business activity in which we operate, including any competitive business,
- render any services to any competitive business, or
- acquire a financial interest in or become actively involved with any competitive business (other than as a passi percentages of the stock of public companies).

Competitive business means any business that competes, during the term of employment through the date of terminatio
any businesses that we are actively considering conducting at the time of the Contracting Employee s termination of emp
knows or reasonably should have known about such plans, in any geographical or market area where we or our affiliates p
services.

Non-Solicitation. During the term of employment of each Contracting Employee, and during the Restricted Period immedi
will not, directly or indirectly, in any manner solicit any of our employees to leave their employment with us, or hire any s
employed by us as of the date of his or her termination or who left employment with us within one year prior to or after th
termination. Additionally, each Contracting Employee may not solicit or encourage to cease to work with us any consulta
or she knows or should know is under contract with us.

In addition, during the term of employment of each Contracting Employee, and during the Restricted Period immediately t
directly or indirectly, in any manner solicit the business of any client or prospective client of ours with whom he or she, e
her, or anyone whom he or she had direct or indirect responsibility over had personal contact or dealings on our behalf du
immediately preceding his or her termination. Contracting Employees who are employed in our asset management busine
non-solicitation covenant with respect to investors and prospective investors in our investment funds.

Non-Interference and Non-Disparagement. During the term of employment of each Contracting Employee, and during the
immediately thereafter, he or she may not interfere with business relationships between us and any of our clients, custome
Each Contracting Employee is also prohibited from disparaging us in any way.

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Restricted Period. For purposes of the foregoing covenants, the Restricted Period will be:

Covenant	**Stephen A. Schwarzman**	**Other Senior Managing Directors**	
Non-competition	Two years after termination of employment.	One year (six months for senior managing directors who are eligible to retire, as defined below) after termination of employment.	Betw after
Non-solicitation of Blackstone employees	Two years after termination of employment.	Two years after termination of employment.	Gen and emp
Non-solicitation of Blackstone clients or investors	Two years after termination of employment.	One year after termination of employment.	Gen and emp
Non-interference with business relationships	Two years after termination of employment.	One year after termination of employment.	Gen and emp

Retirement. Blackstone personnel are eligible to retire if they have satisfied either of the following tests: (a) one has reache least five full years of service with our firm; or (b) generally one has reached the age of 55 and has at least five full years c the sum of his or her age plus years of service with our firm totals at least 65.

Intellectual Property. Each Contracting Employee is subject to customary intellectual property covenants with respect to v designed or developed by him or her that are relevant to or implicated by his or her employment with us.

Specific Performance. In the case of any breach of the confidentiality, non-competition, non-solicitation, non-interference, intellectual property provisions by a Contracting Employee, the breaching individual agrees that we will be entitled to seel of specific performance, restraining orders, injunctions or other equitable remedies.

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Director Compensation in 2015

No additional remuneration is paid to our employees for services as a director of our general partner. In 2015, each of our
received an annual cash retainer of $150,000 and a grant of deferred restricted common units equivalent in value to $150,0
value determined as described in footnote (a) to the first table below. An additional $30,000 annual cash retainer was paid
Audit Committee during 2015. An additional $25,000 annual cash retainer was paid to Mr. Light in connection with his se
committee of Blackstone Group International Partners LLP.

The following table provides the director compensation for our directors for 2015:

Name	Fees Earned or Paid in Cash	Stoc Awar (a) (l
Bennett J. Goodman (c)	$	$
Jonathan D. Gray (c)	$	$
The Right Honorable Brian Mulroney	$ 150,000	$ 150,
William G. Parrett	$ 180,000	$ 149,
Richard Jenrette	$ 150,000	$ 149,
Jay O. Light	$ 175,000	$ 149,
Rochelle B. Lazarus	$ 150,000	$ 149,
Peter T. Grauer (d)	$	$

(a) The references to stock in this table refer to our deferred restricted common units. Amounts for 2015 represent th
awards granted in the year, computed in accordance with GAAP, pertaining to equity-based compensation. The assu
the grant date fair value are set forth in Note 16. Equity-Based Compensation in the Notes to Consolidated Fina
Item 8. Financial Statements and Supplementary Data. These deferred restricted common units vest, and the underl
units will be delivered, on the first anniversary of the date of the grant, subject to the outside director s continued se
directors of our general partner.

(b) Each of our non-employee directors was granted deferred restricted common units upon appointment as a director. I
the anniversary of his or her initial grant, each of the following directors was granted deferred restricted common un
units; Mr. Parrett 4,667 units; Mr. Jenrette 3,648 units; Mr. Light 4,363 units; and Ms. Lazarus 3,837 units.
directors compensation were approved by the board of directors of our general partner upon the recommendation o
review of directors compensation paid by comparable companies.

The following table provides information regarding outstanding unvested equity awards made to our directors as of Decen

	Stock A
Name	Number of Shares or Units of Stock That Have Not Vested (2)
The Right Honorable Brian Mulroney	3,613
William G. Parrett	4,667
Richard Jenrette	3,706
Jay O. Light	4,433
Rochelle B. Lazarus	3,898
Peter T. Grauer	

(1) The references to stock or shares in this table refer to our deferred restricted common units.

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(2) The number of units shown in this column reflect the equity award adjustments made in connection with the s historically constituted Blackstone s Financial Advisory segment, other than Blackstone s capital markets se

(3) The dollar amounts shown in this column were calculated by multiplying the number of unvested deferred res by the director by the closing market price of $29.24 per Blackstone common unit on December 31, 2015, the

(c) Mr. Gray and Mr. Goodman are employees and no additional remuneration is paid to them for service as directors o Mr. Gray s and Mr. Goodman s employee compensation is discussed in Item 13. Certain Relationships and Rel Independence.

(d) Mr. Grauer was appointed to Blackstone s Board of Directors on January 26, 2016. Upon his appointment he recei restricted common units with a grant date fair value of $153,192.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND R STOCKHOLDER MATTERS

The following table sets forth information regarding the beneficial ownership of our common units and Blackstone Holdi February 19, 2016 by:

- each person known to us to beneficially own 5% of any class of the outstanding voting securities of The Black
- each member of our general partner s board of directors;
- each of the named executive officers of our general partner; and
- all directors and executive officers of our general partner as a group.

The amounts and percentage of units beneficially owned are reported on the basis of regulations of the SEC governing the ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that pe power, which includes the power to vote or to direct the voting of such security, or investment power, which includes direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that pe beneficial ownership within 60 days of February 19, 2016. Under these rules, more than one person may be deemed a ben securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as persons named in the table below have sole voting and investment power with respect to all units shown as beneficially o community property laws where applicable. Unless otherwise included, for purposes of this table, the principal business a is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

Name of Beneficial Owner	Common Units, Beneficially Owned Number	% of Class	Bla P Ben Nu
5% Unitholders:			
Janus Capital Management LLC (b)	30,036,605	5.3%	
FMR LLC (c)	42,719,517	7.6%	
Directors and Executive Officers (d)(e)			
Stephen A. Schwarzman (f)(g)			231,
Hamilton E. James (g)	6,833	*	32,
J. Tomilson Hill (g)(h)	1,998,793	*	14,
Bennett J. Goodman (g)(h)	1,573,278	*	2,
Jonathan D. Gray (g)			40,
Michael S. Chae (g)			5,
Laurence A. Tosi	16,906	*	
John G. Finley	10,122	*	
The Right Honorable Brian Mulroney	146,066	*	
William G. Parrett	64,937	*	
Richard Jenrette	40,500	*	
Jay O. Light	39,588	*	
Rochelle B. Lazarus	23,528	*	
Peter T. Grauer			
All executive officers and directors as a group (14 persons)	3,989,285	*	328,

* Less than one percent

(a) Subject to certain requirements and restrictions, the partnership units of Blackstone Holdings are exchangeable for c Blackstone Group L.P. on a one-for-one basis. A Blackstone Holdings limited partner must exchange one partnershi Blackstone Holdings Partnerships to effect an exchange for a common unit. See Item 13. Certain Relationships and Director Independence Exchange Agreement. Beneficial ownership of Blackstone Holdings Partnership Units re been also reflected as beneficial ownership of the common units of The Blackstone Group L.P. for which such units

(b) Reflects units beneficially owned by Janus Capital Management LLC based on the Schedule 13G filed by Janus Cap The address of Janus Capital Management is 151 Detroit Street, Denver, Colorado 80206.

(c) Reflects units beneficially owned by FMR, LLC and its subsidiaries based on the Schedule 13G filed by FMR, LLC address of FMR, LLC is 245 Summer Street, Boston, Massachusetts 02210.

(d) The units beneficially owned by the directors and executive officers reflected above do not include the following nu delivered to the respective individual more than 60 days after February 19, 2016: Mr. James 13,664 deferred restri 23,932 deferred restricted Blackstone Holdings Partnership Units and 875,512 deferred restricted common units; Mr deferred restricted Blackstone Holdings Partnership Units; Mr. Gray 46,814 deferred restricted common units; Mr restricted common units; Mr. Finley 239,443 deferred restricted Blackstone Holdings Partnership Units and 60,62 units; The Right Honorable Mr. Mulroney 3,613 deferred restricted common units; Mr. Parrett 4,667 deferred re Jenrette 3,706 deferred restricted common units; Ms. Lazarus 3,898 deferred restricted common units; Mr. Ligh common units; and all other executive officers and directors as a group 148,370 deferred restricted Blackstone Ho 62,434 deferred restricted common units.

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(e) The Blackstone Holdings Partnership Units shown in the table above include the following number of vested units b minimum retained ownership requirements that are required to be held throughout employment with the firm and ge following termination of employment: Mr. Schwarzman 58,054,241 Blackstone Holdings Partnership Units; Mr. J Holdings Partnership Units; Mr. Hill 4,654,018 Blackstone Holdings Partnership Units; Mr. Goodman 1,081,87 Partnership Units; Mr. Gray 11,477,971 Blackstone Holdings Partnership Units; Mr. Chae 3,182,160 Blackstone Mr. Tosi 363,206 Blackstone Holdings Partnership Units; Mr. Finley 128,024 Blackstone Holdings Partnership officers and directors as a group 107,390 Blackstone Holdings Partnership Units.

(f) On those few matters that may be submitted for a vote of the limited partners of The Blackstone Group L.P., Blackst entity wholly owned by our senior managing directors, holds a special voting unit in The Blackstone Group L.P. tha aggregate number of votes on any matter that may be submitted for a vote of our common unitholders that is equal t vested and unvested Blackstone Holdings Partnership Units held by the limited partners of Blackstone Holdings on t entitles it to participate in the vote on the same basis as our common unitholders. Our senior managing directors hav liability company agreement of Blackstone Partners L.L.C. that our founder, Mr. Schwarzman, will have the power t voting unit held by Blackstone Partners L.L.C. will be voted. Following the withdrawal, death or disability of Mr. S successor founder), this power will revert to the members of Blackstone Partners L.L.C. holding a majority in intere liability company agreement of Blackstone Partners L.L.C. provides that at such time as Mr. Schwarzman should ce member, Hamilton E. James will thereupon succeed Mr. Schwarzman as the sole founding member of Blackstone Pa Partners L.L.C. directs us to do so, we will issue special voting units to each of the limited partners of Blackstone H special voting unitholder will be entitled to a number of votes that is equal to the number of vested and unvested Bla Partnership Units held by such special voting unitholder on the relevant record date.

(g) The Blackstone Holdings Partnership Units shown in the table above for such named executive officers and director units held for the benefit of family members with respect to which the named executive officer or director, as applica ownership: Mr. Schwarzman 1,666,666 units held in various trusts for which Mr. Schwarzman is the investment tr 10,657,207 units held in various trusts for which Mr. James and his brother are trustees (but Mr. James does not hav with respect to the units), Mr. Hill 5,636,348 units held in various trusts for which Mr. Hill s spouse is the investr held in a family limited liability company, Mr. Chae 150,070 units held in a trust for which Mr. Chae is the invest 4,566,437 units held in a trust for which Mr. Gray is the investment trustee, (b) the following units held in grantor re which the named executive officer or director, as applicable, is the investment trustee: Mr. Schwarzman 2,365,163 15,565,132 units, and (c) the following units held by a corporation for which the named executive officer is a contro Mr. Schwarzman 1,438,529 units and Mr. Goodman 1,737,550 units owned by family limited liability companie directly, or through a corporation for which he is the controlling shareholder, beneficially owns an additional 364,27 of Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. In addition, with resp above table excludes partnership units of Blackstone Holdings held by his children or in trusts for the benefit of his f voting or investment control.

(h) The Blackstone common units shown in the table above for each named executive officer and director include (a) th the benefit of family members with respect to which the named executive officer or director, as applicable, disclaims Mr. Hill 1,698,442 units held in two family limited liability companies, Mr. Goodman 923,638 units held in fam

In addition, as of February 19, 2016, Beijing Wonderful Investments, an investment vehicle established and controlled by China, holds 59,083,468 of our non-voting common units and may from time to time make open market purchases or sales units.

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Securities Authorized for Issuance under Equity Compensation Plans

The table set forth below provides information concerning the awards that may be issued under the 2007 Equity Incentive
2015:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights
Equity Compensation Plans Approved by Security Holders	66,966,766	
Equity Compensation Plans Not Approved by Security Holders		
Total	66,966,766	

(a) Reflects the outstanding number of our deferred restricted common units and deferred restricted Blackstone Holding under the 2007 Equity Incentive Plan as of December 31, 2015.

(b) The aggregate number of our common units and Blackstone Holdings Partnership Units covered by the 2007 Equity on the first day of each fiscal year during its term by a number of units equal to the positive difference, if any, of (a) number of our common units and Blackstone Holdings Partnership Units outstanding on the last day of the immedia (excluding Blackstone Holdings Partnership Units held by The Blackstone Group L.P. or its wholly owned subsidiar number of our common units and Blackstone Holdings Partnership Units covered by the 2007 Equity Incentive Plan administrator of the 2007 Equity Incentive Plan should decide to increase the number of our common units and Blac Units covered by the plan by a lesser amount). As of January 1, 2016, pursuant to this formula, 168,600,140 units, w the number of our common units and Blackstone Holdings Partnership Units outstanding on December 31, 2015, we under the 2007 Equity Incentive Plan. We have filed a registration statement and intend to file additional registratio under the Securities Act to register common units covered by the 2007 Equity Incentive Plan (including pursuant to Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, common u registration statement will be available for sale in the open market.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPEND
Transactions with Related Persons

Tax Receivable Agreements

We used a portion of the proceeds from the IPO and the sale of non-voting common units to Beijing Wonderful Investme the predecessor businesses from the pre-IPO owners. In addition, holders of Blackstone Holdings Partnership Units (other L.P. s wholly owned subsidiaries), subject to the vesting and minimum retained ownership requirements and transfer restr partnership agreements of the Blackstone Holdings partnerships, may up to four times each year (subject to the terms of th exchange their Blackstone Holdings Partnership Units for The Blackstone Group L.P. common units on a one-for-one basi limited partner must exchange one partnership unit in each of the Blackstone Holdings partnerships to effect an exchange Blackstone Holdings I L.P. and Blackstone Holdings II L.P. have made an election under Section 754 of the Internal Reve taxable year in which an exchange of partnership units for common units occurs, which may result in an

adjustment to the tax basis of the assets of such Blackstone Holdings partnerships at the time of an exchange of partnershi
subsequent exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of Blackston
would not have been available. These increases in tax basis may increase (for tax purposes) depreciation and amortization
amount of tax that certain of Blackstone s wholly owned subsidiaries that are taxable as corporations for U.S. federal inc
be required to pay in the future. One of the subsidiaries of The Blackstone Group L.P. which is a corporate taxpayer has e
agreement with holders of Blackstone Holdings Partnership Units that provides for the payment by the corporate taxpayer
the amount of cash savings, if any, in U.S. federal, state and local income tax that the corporate taxpayers actually realize
the case of an early termination payment by the corporate taxpayers or a change in control, as discussed below) as a result
basis and of certain other tax benefits related to our entering into tax receivable agreements, including tax benefits attribut
tax receivable agreement. Additional tax receivable agreements have been executed, and will continue to be executed, wit
senior managing directors and certain others who acquire Blackstone Holdings Partnership Units. This payment obligation
corporate taxpayer and not of Blackstone Holdings. The corporate taxpayers expect to benefit from the remaining 15% of
income tax that they realize. For purposes of the tax receivable agreement, cash savings in income tax will be computed b
income tax liability of the corporate taxpayers to the amount of such taxes that the corporate taxpayer would have been re
no increase to the tax basis of the tangible and intangible assets of Blackstone Holdings as a result of the exchanges and h
not entered into the tax receivable agreement. A limited partner of Blackstone Holdings may also elect to exchange his or
Partnership Units in a tax-free transaction where the limited partner is making a charitable contribution. In such a case, th
an increase in the tax basis of the assets of Blackstone Holdings and no payments will be made under the tax receivable a
receivable agreement commenced upon consummation of our IPO and will continue until all such tax benefits have been
corporate taxpayers exercise their right to terminate the tax receivable agreement for an amount based on the agreed paym
under the agreement.

Assuming no future material changes in the relevant tax law and that the corporate taxpayers earn sufficient taxable incom
benefit of the increased amortization of the assets, the expected future payments under the tax receivable agreement (whic
recipients) in respect of the purchase and exchanges will aggregate $1.2 billion over the next 15 years. The after-tax net pr
estimated payments totals $402.4 million assuming a 15% discount rate and using an estimate of timing of the benefit to b
under the tax receivable agreement in respect of subsequent exchanges would be in addition to these amounts. The payme
agreement are not conditioned upon continued ownership of Blackstone equity interests by the pre-IPO owners and the ot

There was a reduction of $82.7 million to the tax receivable agreement liability to the pre-IPO owners and others mention
primarily from the October 1, 2015 spin-off of the financial and strategic advisory services, restructuring services and reo
and Park Hill Group businesses.

Subsequent to December 31, 2015, payments totaling $79.0 million were made to certain pre-IPO owners and others men
with the tax receivable agreement and related to tax benefits the Partnership received for the 2014 taxable year. Those pay
$10.8 million to Stephen A. Schwarzman and investment vehicles controlled by relatives of Mr. Schwarzman; $2.3 millio
trust for which Mr. James is the investment trustee; $1.2 million to J. Tomilson Hill and a trust for which Mr. Hill is the in
million to Michael S. Chae; and $0.2 million to Bennett J. Goodman and a limited liability company controlled by a famil

In addition, the tax receivable agreement provides that upon certain mergers, asset sales, other forms of business combina
control, the corporate taxpayers (or their successors) obligations with respect to exchanged or acquired units (whether e
after such transaction) would be

based on certain assumptions, including that the corporate taxpayers would have sufficient taxable income to fully utilize t
increased tax deductions and tax basis and other similar benefits. Upon a subsequent actual exchange, any additional incre
basis and other similar benefits in excess of the amounts assumed at the change in control will also result in payments und
agreement.

Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of busin
changes in control, may influence the timing and amount of payments that are received by an exchanging or selling holder
Partnership Units, under the tax receivable agreement. For example, the earlier disposition of assets following an exchange
will generally accelerate payments under a tax receivable agreement and increase the present value of such payments, and
before an exchange or acquisition transaction will increase the tax liability of a holder of Blackstone Holdings Partnership
any rights of a holder of Blackstone Holdings Partnership Units to receive payments under any tax receivable agreements.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, the corporate taxpayers
any payments previously made under a tax receivable agreement. As a result, in certain circumstances, payments could be
agreement in excess of the corporate taxpayers cash tax savings.

Registration Rights Agreement

In connection with the restructuring and IPO, we entered into a registration rights agreement with our pre-IPO owners pur
them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restriction
under the Securities Act common units delivered in exchange for Blackstone Holdings Partnership Units or common units
convertible into or exchangeable or exercisable for our common units) otherwise held by them. In addition, newly admitte
managing directors and certain others who acquire Blackstone Holdings Partnership Units have subsequently become part
agreement. Under the registration rights agreement, we agreed to register the exchange of Blackstone Holdings Partnershi
our holders of Blackstone Holdings Partnership Units. In June 2008, we filed a registration statement on Form S-3 with th
Commission to cover future issuances from time to time of up to 818,008,105 common units to holders of Blackstone Hol
exchange of up to an equal number of such Blackstone Holdings Partnership Units. In addition, our founder, Stephen A. S
request that we register the sale of common units held by holders of Blackstone Holdings Partnership Units an unlimited n
require us to make available shelf registration statements permitting sales of common units into the market from time to ti
In addition, Mr. Schwarzman has the ability to exercise certain piggyback registration rights in respect of common units h
Holdings Partnership Units in connection with registered offerings requested by other registration rights holders or initiate

Swift River Investments

Swift River Investments, Inc. (Swift River) is a private family investment firm that manages capital on behalf of our Pr
Officer and Director, Hamilton E. James, his brother, David R. James, and members of their families. While Hamilton E. J
economic interest in Swift River, the day-to-day business of Swift River is managed by David R. James.

On August 24, 2015, Ipreo, a provider of data, market intelligence and productivity solutions to capital markets and corpo
the acquisition of iLevel Solutions LLC (iLevel), a business that provides private equity software and advanced portfol
solutions to private equity firms and other institutions, including Blackstone. Funds managed by Blackstone s private equ
with another sponsor. Prior to the acquisition, and as previously disclosed, Blackstone and Swift River were the largest

shareholders in iLevel, with approximately 21% and 24% equity interests, respectively. We took a number of measures to
conflict of interest relating to the transaction, including that Mr. Hamilton E. James did not participate in the negotiation a
transaction for any party. Further, the non-Blackstone and non-Swift River representatives to the iLevel board, led by the i
board, negotiated the transaction on behalf of iLevel, and the Blackstone directors to the Ipreo board recused themselves fr
to the transaction. The transaction was reviewed and approved by the Conflicts Committee of the board of directors of our

Tsinghua University Education Foundation

As part of an initiative announced in 2013, Mr. Schwarzman, through the Stephen A. Schwarzman Education Foundation,
million to create and endow a post-graduate scholarship program at Tsinghua University in Beijing, entitled Schwarzman
construction of a residential and academic building. He is leading a fundraising campaign to raise $450 million to support
Endowment Fund. The Tsinghua University Education Foundation (TUEF) will hold the Schwarzman Endowment Fu
management of the fund to Blackstone. We have agreed that TUEF, and certain entities affiliated with TUEF, will not be r
management fee for managing the Schwarzman Endowment Fund and, to the extent Blackstone allocates and invests asset
Endowment Fund in our funds, which may take the form of funded or unfunded general partner commitments to our inves
that such investments will be subject to reduced or waived management fees and/or carried interest.

Executive Advisor Agreement with Andrew Lapham

Since April 17, 2014, Andrew Lapham has been an Executive Advisor to Blackstone. In his role as an Executive Advisor,
primarily on sourcing and evaluating the firm s investment opportunities in Canada. Mr. Lapham is the son-in-law of Mr.
member of the board of directors of our general partner since 2007. Pursuant to the terms of his Executive Advisor Agreem
services in 2015, Mr. Lapham is entitled to a $350,000 annual retainer and a bonus, which for 2015 was $350,000 and wil
respect to each investment sourced by him, Mr. Lapham is entitled to receive a transaction fee and, subject to a required ca
Mr. Lapham, a profit sharing percentage of the net profits realized from such investment by the relevant fund. In 2015, we
which represents his annual retainer and a $150,000 bonus paid in 2015 in respect of his services in 2014.

Bennett J. Goodman

On February 24, 2015, Bennett J. Goodman was appointed to the board of directors of Blackstone Group Management L.L
The Blackstone Group L.P. Mr. Goodman joined Blackstone in 2008 and is a Senior Managing Director and Co-Founder o
2015, Mr. Goodman received a base salary of $350,000 and an annual cash bonus payment of $3,207,583. The cash paym
performance of the Credit segment, including the contribution of all current and past funds within the segment. The ultima
Mr. Goodman was, however, determined in the discretion of Mr. Schwarzman and Mr. James.

Mr. Goodman also participated in the performance fees of our funds, consisting of carried interest in our carry funds and in
that pay incentive fees. The compensation paid to Mr. Goodman in respect of carried interest in our carry funds primarily r
participation in the credit funds. The amount of cash payments in respect of carried interest or incentive fee allocations to M
$9,819,362. See Executive Compensation Compensation Elements for Named Executive Officers in this report for ad
elements of our compensation program.

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In March 2015, Mr. Goodman also received a compensatory grant of 5,028,435 deferred restricted Blackstone Holdings Pa
date fair value of $190,376,549. These deferred restricted Blackstone Holdings Partnership Units vest over eight years and
additional units granted as required pursuant to the 2007 Equity Incentive Plan in connection with the spin-off the operatio
constituted our Financial Advisory segment, other than our capital markets services business, vest as follows: 514,213 ves
721,431 vesting on January 1, 2017, 679,986 units vesting on January 1, 2018 and the remainder vesting annually in subst
installments on January 1 of each year through January 1, 2023. This award represents a buyout of a significant portion of
compensation during the eight-year vesting period of the award.

In February 2015, we agreed with the former owners of GSO, including Mr. Goodman, to settle in full our obligation to m
payments to them arising from our redemption of profits interests that were issued to them in connection with our acquisit
payment in the form of a combination of vested and unvested restricted Blackstone Holdings Units. In connection therewi
on March 26, 2015, 798,166 Blackstone Holdings Partnership Units (which included 199,542 units to be held in a family l
122,385 of which immediately vested, 506,837 of which are to vest on December 31, 2016 and 168,944 of which are to ve
April 2015, we issued Mr. Goodman 635,075 common units (which included 158,769 common units to be held in a family
in satisfaction of a 2014 earn out payment owed to him and the other former owners of GSO.

Jonathan D. Gray

On February 24, 2012, Jonathan D. Gray was appointed to the board of directors of Blackstone Group Management L.L.C
Blackstone Group L.P. Mr. Gray joined Blackstone in 1992 and is a Senior Managing Director and Global Head of Real E
received a base salary of $350,000 and an annual cash bonus payment of $25,370,948, net of his mandatory deferral pursu
Compensation Plan. The cash payment was based upon the performance of the Real Estate segment, including the contribu
funds within the segment dating back to before the IPO. The ultimate cash payment to Mr. Gray was, however, determined
Mr. Schwarzman and Mr. James. On January 20, 2016, Mr. Gray was granted 46,814 deferred restricted common units wi
$1,111,833, reflecting the portion of his annual cash bonus payment mandatorily deferred into deferred restricted common
Deferred Compensation Plan.

Mr. Gray also participated in the performance fees of our funds, consisting of carried interest in our carry funds and incent
pay incentive fees. The compensation paid to Mr. Gray in respect of carried interest in our carry funds primarily relates to
the real estate funds (which were formed both before and after the IPO). The amount of payments in respect of carried inte
in-kind) or incentive fee allocations to Mr. Gray for 2015 was $90,377,009. Any in-kind distributions in respect of carried
on the market value of the securities distributed as of the date of distribution. In 2015, in connection with investment advis
Blackstone to BXMT, Mr. Gray was also allocated restricted shares of listed common stock of BXMT with a value of $98
price of BXMT s common stock on the date of the award. These restricted shares will vest over three years with one-sixth
end of the second quarter after the date of the award and the remaining shares vesting in ten equal quarterly installments th
Compensation Compensation Elements for Named Executive Officers in this report for additional discussion of the ele
program.

Blackstone Holdings Partnership Agreements

As a result of the reorganization and the IPO, The Blackstone Group L.P. became a holding partnership and, through whol
equity interests in the five holdings partnerships (i.e., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone
Blackstone Holdings IV L.P. and Blackstone Holdings V L.P.). On January 1, 2009, in order to simplify our structure and
administrative burden

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and costs, we effected an internal restructuring to reduce the number of holding partnerships from five to four by causing I
to transfer all of its assets and liabilities to Blackstone Holdings IV L.P. In connection therewith, Blackstone Holdings IV
Blackstone Holdings III L.P. and Blackstone Holdings V L.P. was renamed Blackstone Holdings IV L.P. On October 1, 20
new holding partnership, Blackstone Holdings AI L.P., which will hold certain operating entities and operate in a manner
Blackstone Holdings Partnerships. The economic interests of The Blackstone Group L.P. in Blackstone s business remain
Blackstone Holdings refers to (a) Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P
and Blackstone Holdings V L.P. prior to the January 2009 reorganization, (b) Blackstone Holdings I L.P., Blackstone Hold
Holdings III L.P. and Blackstone Holdings IV L.P. from January 1, 2009 through October 1, 2015 and (c) Blackstone Hold
Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and Blackstone Holdings AI L.P. subsequent
creation of Blackstone Holdings AI L.P.

Wholly owned subsidiaries of The Blackstone Group L.P. which are the general partners of those partnerships have the rig
distributions will be made to the partners of Blackstone Holdings and the amount of any such distributions. If a distributio
distribution will be made to the partners of Blackstone Holdings pro rata in accordance with the percentages of their respec
described under Part II. Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purcha
Distribution Policy.

Each of the Blackstone Holdings Partnerships has an identical number of partnership units outstanding, and we use the ter
Partnership Unit or partnership unit in/of Blackstone Holdings to refer, collectively, to a partnership unit in each of th
Partnerships. The holders of partnership units in Blackstone Holdings, including The Blackstone Group L.P. s wholly ow
U.S. federal, state and local income taxes on their proportionate share of any net taxable income of Blackstone Holdings. N
Blackstone Holdings will generally be allocated to its partners (including The Blackstone Group L.P. s wholly owned sub
accordance with the percentages of their respective partnership interests as described under Part II. Item 5. Market for Re
Related Stockholder Matters and Issuer Purchases of Equity Securities Cash Distribution Policy. The partnership agree
Holdings Partnerships provide for cash distributions, which we refer to as tax distributions, to the partners of such partn
subsidiaries of The Blackstone Group L.P. which are the general partners of the Blackstone Holdings Partnerships determi
of the relevant partnership will give rise to taxable income for its partners. Generally, these tax distributions are computed
net taxable income of the relevant partnership allocable to a partner multiplied by an assumed tax rate equal to the highest
combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, Nev
the non-deductibility of certain expenses and the character of our income). Tax distributions are made only to the extent al
partnerships for the relevant year are insufficient to cover such tax liabilities.

Subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership a
Holdings Partnerships, Blackstone Holdings Partnership Units may be exchanged for The Blackstone Group L.P. common
Exchange Agreement below. In addition, the Blackstone Holdings partnership agreements authorize the wholly owne
Group L.P. which are the general partners of those partnerships to issue an unlimited number of additional partnership sec
Holdings Partnerships with such designations, preferences, rights, powers and duties that are different from, and may be se
the Blackstone Holdings Partnership Units, and which may be exchangeable for our common units.

See Item 11. Executive Compensation Narrative Disclosure to Summary Compensation Table and Grants of Plan-Ba
Blackstone Holdings Partnership Units Granted in 2015 and Prior Years for a discussion of vesting provisions applicable
respect of the Blackstone Holdings Partnership Units received by them in the reorganization and for a discussion of minim

ownership requirements and transfer restrictions applicable to the Blackstone Holdings Partnership Units. The generally a
minimum retained ownership requirements and transfer restrictions are outlined in the sections referenced in the precedin
some different arrangements for some individuals in some instances. In addition, we may waive these requirements and re

In addition, substantially all of our expenses, including substantially all expenses solely incurred by or attributable to The
not including obligations incurred under the tax receivable agreement by The Blackstone Group L.P. s wholly owned sub
of The Blackstone Group L.P. s wholly owned subsidiaries and payments on indebtedness incurred by The Blackstone G
subsidiaries, are borne by Blackstone Holdings.

Exchange Agreement

In connection with the reorganization and IPO, we entered into an exchange agreement with the holders of partnership un
(other than The Blackstone Group L.P. s wholly owned subsidiaries). In addition, newly admitted Blackstone senior man
others who acquire Blackstone Holdings Partnership Units have subsequently become parties to the exchange agreement.
agreement, subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the p
Blackstone Holdings Partnerships, each such holder of Blackstone Holdings Partnership Units (and certain transferees the
each year (subject to the terms of the exchange agreement) exchange these partnership units for The Blackstone Group L.
one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Und
to effect an exchange a holder of partnership units in Blackstone Holdings must simultaneously exchange one partnership
Blackstone Holdings Partnerships. As a holder exchanges its Blackstone Holdings Partnership Units, The Blackstone Gro
the Blackstone Holdings Partnerships will be correspondingly increased.

Firm Use of Private Aircraft

Certain entities controlled by Mr. Schwarzman wholly own aircraft that we use for business purposes in the course of our
paid for his respective ownership interests in the aircraft himself and bore his respective share of all operating, personnel a
associated with their operation. The hourly payments we made for such use were based on current market rates. In 2015,
$2.5 million for the use of such aircraft, which included $0.7 million paid directly to the managers of the aircraft.

An entity jointly controlled by Mr. James and Mr. Gray wholly owns an airplane that we use for business purposes in the
Each of Mr. James and Mr. Gray paid for his respective ownership interest in the aircraft himself and bore his respective s
personnel and maintenance costs associated with its operation. The hourly payments we made for such use were based on
we made payments of $1.0 million to the manager of the aircraft for such use.

An entity controlled by Mr. Goodman, jointly with an entity controlled by another senior managing director of Blackstone
may use for business purposes in the course of our operations. Mr. Goodman paid for his ownership interest in the aircraft
respective share of the operating, personnel and maintenance costs associated with its operation. The hourly payments we
use of the airplane owned by Mr. Goodman would be based on current market rates. In 2015, there was no such use.

Investment in or Alongside Our Funds

Our directors and executive officers may invest their own capital in or alongside our carry funds without being subject to
interest. These investments may be made through the applicable fund general partner and fund a portion of the general pa
our funds. In addition, our directors and

executive officers may invest their own capital in our funds of hedge funds and credit-focused funds that are structured as
instances, not subject to management fees or carried interest. These investment opportunities are available to all of our sen
to those of our employees whom we have determined to have a status that reasonably permits us to offer them these types
compliance with applicable laws. During the year ended December 31, 2015, our directors and executive officers (and, in
investment trusts or other family vehicles or charitable organizations controlled by them of their immediate family membe
contributions or net distributions relating to their personal investments (and the investments of any such trusts) in Blacksto
funds: Mr. Schwarzman, Mr. James, Mr. Hill, Mr. Gray, Mr. Light and Mr. Mulroney received net distributions of $65.6 m
million, $19.4 million, $0.15 million, $0.6 million, respectively, and Mr. Tosi, Mr. Goodman and Mr. Chae made net cont
$5.1 million and $1.3 million, respectively.

Statement of Policy Regarding Transactions with Related Persons

The board of directors of our general partner has adopted a written statement of policy regarding transactions with related
as our related person policy. Our related person policy requires that a related person (as defined as in paragraph (a) o
must promptly disclose to the Chief Legal Officer of our general partner any related person transaction (defined as any
us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120
related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The Chief L
promptly communicate that information to the board of directors of our general partner. No related person transaction will
the approval or ratification of the board of directors of our general partner or any committee of the board of directors cons
disinterested directors. It is our policy that directors interested in a related person transaction will recuse themselves from a
transaction in which they have an interest.

Indemnification of Directors and Officers

Under our partnership agreement, in most circumstances we will indemnify the following persons, to the fullest extent per
against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fi
settlements or other amounts: our general partner; any departing general partner; any person who is or was an affiliate of a
departing general partner; any person who is or was a member, partner, tax matters partner, officer, director, employee, ag
or our subsidiaries, the general partner or any departing general partner or any affiliate of ours or our subsidiaries, the gen
general partner; any person who is or was serving at the request of a general partner or any departing general partner or an
partner or any departing general partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of a
designated by our general partner. We have agreed to provide this indemnification to the extent such person acted in good
she reasonably believed to be in or not opposed to the best interests of the partnership, and with respect to any alleged con
proceeding against such person, to deny indemnification if such person had reasonable cause to believe that his or her cond
also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only
it otherwise agrees, the general partner will not be personally liable for, or have any obligation to contribute or loan funds
effectuate indemnification. We may purchase insurance against liabilities asserted against and expenses incurred by person
regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreemen

We will also indemnify any of our employees who personally becomes subject to a clawback obligation to one of our in
carried interest that we have received. See Part I. Item 1. Business Incentive Arrangements / Fee Structure.

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Non-Competition and Non-Solicitation Agreements

We have entered into a non-competition and non-solicitation agreement with each of our professionals and other senior en our executive officers. See Item 11. Executive Compensation Non-Competition and Non-Solicitation Agreements fo terms of such agreements.

Director Independence

Because we are a publicly traded limited partnership, the NYSE rules do not require our general partner s board to be ma independent directors. All of the non-management directors of our general partner s board of directors satisfy the indepen NYSE. These directors are Messrs. Grauer, Jenrette, Light, Mulroney and Parrett and Ms. Lazarus. Based on all relevant f general partner s board of directors affirmatively determined that the independent directors have no material relationship In making a determination with regard to Mr. Grauer s independence, our general partner s board of directors considered of the Board of Trustees of the Inner-City Scholarship Fund and Mr. Schwarzman s past and currently pledged contributi Scholarship Fund. The board of directors of our general partner follows the following standards in determining director in

Under any circumstances, a director is not independent if:

- the director is, or has been within the preceding three years, employed by our general partner or us,

- an immediate family member of the director was employed as an executive officer of our general partner or us years,

- the director, or an immediate family member of that director, received within the preceding three years more t twelve-month period in direct compensation from us, other than director and committee fees and pension or ot compensation for prior service (provided such compensation is not contingent in any way on continued servic

- the director is a current partner or employee of a firm that is our internal or external auditor; the director has a who is a current partner of such a firm; the director has an immediate family member who is a current employ personally works on our audit; or the director or an immediate family member of that director was within the l employee of such a firm and personally worked on our or a predecessor s audit within that time,

- the director or an immediate family member is, or has been within the preceding three years, employed as an e company where any of our general partner s present executive officers at the same time serves or served on s compensation committee, or

- the director is a current employee, or an immediate family member is a current executive officer, of a compan or received payments from, us for property or services in an amount which, in any of the preceding three fisca of $1,000,000 or two percent (2%) of the consolidated gross revenues of the other company.

The following commercial or charitable relationships will not be considered to be material relationships that would impai

- if the director or an immediate family member of that director serves as an executive officer, director or truste organization, and our annual charitable contributions to that organization (excluding contributions by us unde gift program) are less than the greater of $1,000,000 or two percent (2%) of that organization s consolidated g recent fiscal year, and

if the director or an immediate family member of that director (or a company for which the director serves as a
officer) invests in or alongside of one or more investment funds or investment companies managed by us or ar
whether or not fees or other incentive arrangements for us or our subsidiaries are borne by the investing persor

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ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table summarizes the aggregate fees for professional services provided by Deloitte & Touche LLP, the men
Touche Tohmatsu and their respective affiliates (collectively, the Deloitte Entities):

	The Blackstone Group L.P.	Year Ended December 3 Blackstone Entities, Principally Fund Related (d) (Dollars in Thousan
Audit Fees	$ 10,305(a)	$ 33,745
Audit-Related Fees	$ 207(b)	$ 244
Tax Fees	$ 538(c)	$ 57,914

	The Blackstone Group L.P.	Year Ended December 31 Blackstone Entities, Principally Fund Related (d) (Dollars in Thousand
Audit Fees	$ 8,636(a)	$ 33,273
Audit-Related Fees	$ 235(b)	$ 180
Tax Fees	$ 414(c)	$ 45,569
All Other Fees	$	$ 56

(a) Audit Fees consisted of fees for (1) the audits of our consolidated financial statements in our Annual Report on Forn attendant to, or required by, statute or regulation, (2) reviews of the interim condensed consolidated financial statem quarterly reports on Form 10-Q, and (3) consents and other services related to SEC and other regulatory filings.

(b) Audit-Related Fees include risk advisory services.

(c) Tax Fees consisted of fees for services rendered for tax compliance and tax planning and advisory services.

(d) The Deloitte Entities also provide audit, audit-related and tax services (primarily tax compliance and related services funds and other corporate entities. Also included in these amounts are audit and tax fees related to the spin-off of Bl practice.

(e) Audit-Related and Tax Fees included merger and acquisition due diligence services provided in connection with pot portfolio companies for investment purposes primarily to certain private equity and real estate funds managed by Bl the general partner. In addition, the Deloitte Entities provide audit, audit-related, tax and other services to the portfol approved directly by the portfolio company s management and are not included in the amounts presented here.

Our audit committee charter, which is available on our website at http://ir.blackstone.com under Corporate Governance, to approve in advance all audit and non-audit related services to be provided by our independent registered public account the audit and non-audit related services pre-approval policy. All services reported in the Audit, Audit-Related, Tax and Al above were approved by the audit committee.

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PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this annual report.

1. *Financial Statements:*
See Item 8 above.

2. *Financial Statement Schedules:*
Schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the relat applicable, and therefore have been omitted.

3. *Exhibits:*

Exhibit Number	Exhibit Description
3.1	Certificate of Limited Partnership of The Blackstone Group L.P. (incorporated herein by reference to E Registration Statement on Form S-1 (File No. 333-141504) filed with the SEC on March 22, 2007).
3.2	Amended and Restated Agreement of Limited Partnership of The Blackstone Group L.P. (incorporated Exhibit 3.1 to Form 8-K (File No. 001-33551) filed with the SEC on June 27, 2007).
3.2.1	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of The Blackstone November 3, 2009 (incorporated herein by reference to Exhibit 3.2.1 to the Registrant s Quarterly Rep quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
3.2.2	Amendment No. 2 to the Amended and Restated Agreement of Limited Partnership of The Blackstone November 4, 2011 (incorporated herein by reference to Exhibit 3.2.2 to the Registrant s Quarterly Rep quarter ended September 30, 2011 (File No. 001-33551) filed with the SEC on November 9, 2011).
4.1	Indenture dated as of August 20, 2009 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L. York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant s Current Report on 2009).
4.2	First Supplemental Indenture dated as of August 20, 2009 among Blackstone Holdings Finance Co. L.L L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackston Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant s Cur dated August 20, 2009).
4.3	Form of 6.625% Senior Note due 2019 (included in Exhibit 4.2 and incorporated by reference to Exhibi Current Report on Form 8-K dated August 20, 2009).
4.4	Second Supplemental Indenture dated as of September 20, 2010, among Blackstone Holdings Finance C Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Bla and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the R Form 8-K (File No. 001-33551) filed with the SEC on September 22, 2010).

4.5	Form of 5.875% Senior Note due 2021 (included in Exhibit 4.4 hereto).

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Exhibit Number	Exhibit Description
4.6	Third Supplemental Indenture dated as of August 17, 2012 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant s Current Report on Form 8-K (File No. 001-33551) filed with the SEC on August 17, 2012).
4.7	Form of 4.75% Senior Note due 2023 (included in Exhibit 4.6 hereto).
4.8	Fourth Supplemental Indenture dated as of August 17, 2012 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.4 to the Registrant s Current Report on Form 8-K (File No. 001-33551) filed with the SEC on August 17, 2012).
4.9	Form of 6.25% Senior Note due 2042 (included in Exhibit 4.8 hereto).
4.10	Fifth Supplemental Indenture dated as of April 7, 2014 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant s Current Report on Form 8-K (File No. 001-33551) filed with the SEC on April 7, 2014).
4.11	Form of 5.000% Senior Note due 2044 (included in Exhibit 4.10 hereto).
4.12	Sixth Supplemental Indenture dated as of April 27, 2015 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant s Current Report on Form 8-K (File No. 001-33551) filed with the SEC on April 27, 2015).
4.13	Form of 4.450% Senior Note due 2045 (included in Exhibit 4.12 hereto).
4.14	Seventh Supplemental Indenture dated as of May 19, 2015 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., The Bank of New York Mellon, as trustee, and The Bank of New York Mellon, London Branch, as paying agent (incorporated herein by reference to Exhibit 4.2 to the Registrant s Current Report on Form 8-K (File No. 001-33551) filed with the SEC on May 19, 2015).
4.15	Form of 2.000% Senior Note due 2025 (included in Exhibit 4.14 hereto).
4.16*	Guarantor Joinder Agreement dated as of October 1, 2015 among Blackstone Holdings Finance Co. L.L.C., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., Blackstone Holdings AI L.P. and Citibank, N.A., as administrative agent.
4.17*	Eighth Supplemental Indenture dated as of October 1, 2015 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., Blackstone Holdings AI L.P. and The Bank of New York Mellon, as Trustee.
10.1	Amended and Restated Limited Partnership Agreement of Blackstone Holdings I L.P., dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc. and the limited partners of Blackstone Holdings I L.P. party thereto (incorporated herein by reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).

Exhibit Number	Exhibit Description
10.1.1	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Blackstone Hold November 3, 2009 (incorporated herein by reference to Exhibit 10.1.1 to the Registrant s Quarterly Re quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.2	Amended and Restated Limited Partnership Agreement of Blackstone Holdings II L.P., dated as of June Blackstone Holdings I/II GP Inc. and the limited partners of Blackstone Holdings II L.P. party thereto (reference to Exhibit 10.2 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 001-33551) filed with the SEC on August 13, 2007).
10.2.1	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Blackstone Hold November 3, 2009 (incorporated herein by reference to Exhibit 10.2.1 to the Registrant s Quarterly Re quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.3	Second Amended and Restated Limited Partnership Agreement of Blackstone Holdings III L.P., dated a among Blackstone Holdings III GP L.L.C. and the limited partners of Blackstone Holdings III L.P. part herein by reference to Exhibit 10.3 to the Registrant s Annual Report on Form 10-K for the year ended 001-33551) filed with the SEC on March 2, 2009).
10.3.1	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Blacksto as of November 3, 2009 (incorporated herein by reference to Exhibit 10.3.1 to the Registrant s Quarter the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.4	Second Amended and Restated Limited Partnership Agreement of Blackstone Holdings IV L.P., dated a among Blackstone Holdings IV GP L.P. and the limited partners of Blackstone Holdings IV L.P. party t by reference to Exhibit 10.4 to the Registrant s Annual Report on Form 10-K for the year ended Decen 001-33551) filed with the SEC on March 2, 2009).
10.4.1	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Blacksto as of November 3, 2009 (incorporated herein by reference to Exhibit 10.4.1 to the Registrant s Quarter the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.5*	Amended and Restated Limited Partnership Agreement of Blackstone Holdings AI L.P., dated as of Oc
10.6	Tax Receivable Agreement, dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc., Blackstone Holdings II L.P. and the limited partners of Blackstone Holdings I L.P. and Blackstone Hol (incorporated herein by reference to Exhibit 10.6 to the Registrant s Quarterly Report on Form 10-Q fo 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.7*	Third Amended and Restated Exchange Agreement, dated as of October 1, 2015, among The Blackston Holdings AI L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.I L.P. and the Blackstone Holdings Limited Partners party thereto.
10.8	Registration Rights Agreement, dated as of June 18, 2007 (incorporated herein by reference to Exhibit 1 Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the

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Exhibit Number	Exhibit Description
10.9.1+	The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan (incorporated herein by re the Registrant s Current Report on Form 8-K (File No. 001-33551) filed with the SEC on July 9, 2014).
10.10+	The Blackstone Group L.P. Sixth Amended and Restated Bonus Deferral Plan effective as of December 1 by reference to Exhibit 10.9 to the Registrant s Annual Report on Form 10-K for the year ended Decemb 001-33551) filed with the SEC on February 27, 2015).
10.11+	Founding Member Agreement of Stephen A. Schwarzman, dated as of June 18, 2007, by and among Blac Stephen A. Schwarzman (incorporated herein by reference to Exhibit 10.10 to the Registrant s Quarterly the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.12+	Agreement, dated as of June 9, 2008, between Blackstone Holdings I L.P. and Laurence A. Tosi (incorpo Exhibit 10.28 to the Registrant s Current Report on Form 8-K filed with the SEC on June 12, 2008).
10.13	Agreement, dated as of November 3, 2015, between Blackstone Holdings I L.P. and Laurence A. Tosi (in reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended Septer 001-33551) filed with the SEC on November 5, 2015).
10.14+	Form of Senior Managing Director Agreement by and among Blackstone Holdings I L.P. and each of the from time to time party thereto (incorporated herein by reference to Exhibit 10.12 to the Registrant s Reg S-1/A (File No. 333-141504) filed with the SEC on June 14, 2007). (Applicable to all executive officers c Schwarzman and Peterson).
10.15+	Form of Deferred Restricted Common Unit Award Agreement (Directors) (incorporated herein by referer Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 001-33551) fi 8, 2008).
10.16+	Form of Deferred Restricted Blackstone Holdings Unit Award Agreement for Executive Officers (incorpo to Exhibit 10.37 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, filed with the SEC on November 7, 2008).
10.17	Amended and Restated Credit Agreement dated as of March 23, 2010, as amended and restated as of May Blackstone Holdings Finance Co. L.L.C., as borrower, Blackstone Holdings I L.P., Blackstone Holdings I Holdings III L.P. and Blackstone Holdings IV L.P., as guarantors, Citibank, N.A., as administrative agent thereto (incorporated herein by reference to Exhibit 10.1 to the Registrant s Current Report on Form 8-K with the SEC on June 4, 2014).
10.18	Letter Agreement between The Blackstone Group L.P. and the Beijing Wonderful Investments Ltd, dated (incorporated herein by reference to Exhibit 10.12 to the Registrant s Registration Statement on Form S- filed with the SEC on June 4, 2007).
10.19	Letter Agreement, dated October 16, 2008, between The Blackstone Group L.P. and Beijing Wonderful I the Letter Agreement, dated May 22, 2007, between The Blackstone Group L.P. and Beijing Wonderful I (incorporated herein by reference to Exhibit 10.16.1 to the Registrants Current Report on Form 8-K filed 16, 2008).
10.20+	Second Amended and Restated Limited Liability Company Agreement of BMA V L.L.C., dated as of Ma Blackstone Holdings III L.P. and certain members of BMA V L.L.C. (incorporated herein by reference to Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) fi 13, 2007).

Exhibit Number	Exhibit Description
10.21+	Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Managemen L.P., dated as of May 31, 2007, by and among BREA International (Cayman) Ltd. and certain limited par by reference to Exhibit 10.13 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended Ju 001-33551) filed with the SEC on August 13, 2007).
10.21.1+	Amendment No. 1 dated as of January 1, 2008 to the Second Amended and Restated Agreement of Limit Blackstone Real Estate Management Associates International L.P., dated as of May 31, 2007, by and amo (Cayman) Ltd. and certain limited partners (incorporated herein by reference to Exhibit 10.19.1 to the Reg on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) filed with the SEC on May 15,
10.22+	Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Managemen II L.P., dated as of May 31, 2007, by and among BREA International (Cayman) II Ltd. and certain limited herein by reference to Exhibit 10.14 to the Registrant s Quarterly Report on Form 10-Q for the quarter en 001-33551) filed with the SEC on August 13, 2007).
10.23.1+	Amendment No. 1 dated as of January 1, 2008 to the Second Amended and Restated Agreement of Limit Blackstone Real Estate Management Associates International II L.P., dated as of May 31, 2007, by and an (Cayman) II Ltd. and certain limited partners (incorporated herein by reference to Exhibit 10.20.1 to the R Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) filed with the SEC on M
10.24+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Management Assoc May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Managem (incorporated herein by reference to Exhibit 10.15 to the Registrant s Quarterly Report on Form 10-Q fo 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.25+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Mezzanine Manage dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Associates L.L.C. (incorporated herein by reference to Exhibit 10.16 to the Registrant s Quarterly Report quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.26+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Mezzanine Manage dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Associates II L.L.C. (incorporated herein by reference to Exhibit 10.17 to the Registrant s Quarterly Rep quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.27+	Second Amended and Restated Limited Liability Company Agreement of BREA IV L.L.C., dated as of M among Blackstone Holdings III L.P. and certain members of BREA IV L.L.C. (incorporated herein by ref the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-3355 August 13, 2007).
10.28+	Second Amended and Restated Limited Liability Company Agreement of BREA V L.L.C., dated as of M Blackstone Holdings III L.P. and certain members of BREA V L.L.C. (incorporated herein by reference t Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) fi August 13, 2007).

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Exhibit Number	Exhibit Description
10.29+	Second Amended and Restated Limited Liability Company Agreement of BREA VI L.L.C., dated as of M among Blackstone Holdings III L.P. and certain members of BREA VI L.L.C. (incorporated herein by ref the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551 August 13, 2007).
10.29.1+	Amendment No. 1 dated as of January 1, 2008 to the Second Amended and Restated Limited Liability Co BREA VI L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain mem (incorporated herein by reference to Exhibit 10.26.1 to the Registrant s Quarterly Report on Form 10-Q f 31, 2008 (File No. 001-33551) filed with the SEC on May 15, 2008).
10.30	Second Amended and Restated Limited Liability Company Agreement of Blackstone Communications M L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Bl Management Associates I L.L.C. (incorporated herein by reference to Exhibit 10.21 to the Registrant s Q 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.31+	Amended and Restated Limited Liability Company Agreement of BCLA L.L.C., dated as of April 15, 20 Blackstone Holdings III L.P. and certain members of BCLA L.L.C. (incorporated herein by reference to E Registrant s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) 15, 2008).
10.32+	Third Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management dated as of June 30, 2008 (incorporated herein by reference to Exhibit 10.28 to the Registrant s Quarterly the quarter ended June 30, 2008 (File No. 001-33551) filed with the SEC on August 8, 2008).
10.33+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Real Estate Special L.L.C., dated as of June 30, 2008 (incorporated herein by reference to Exhibit 10.29 to the Registrant s Q 10-Q for the quarter ended June 30, 2008 (File No. 001-33551) filed with the SEC on August 8, 2008).
10.34+	BMA VI L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of July 31, 2008 reference to Exhibit 10.30 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended Septe 001-33551) filed with the SEC on November 7, 2008).
10.35+	Fourth Amended and Restated Limited Liability Company Agreement of GSO Associates LLC, dated as (incorporated herein by reference to Exhibit 10.33 to the Registrant s Annual Report on Form 10-K for t 2008 (File No. 001- 33551) filed with the SEC on March 2, 2009).
10.36+	Amended and Restated Limited Liability Company Agreement of GSO Overseas Associates LLC, dated (incorporated herein by reference to Exhibit 10.34 to the Registrant s Annual Report on Form 10-K for t 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.37+	Third Amended and Restated Limited Liability Company Agreement of GSO Origination Associates LLC 2008 (incorporated herein by reference to Exhibit 10.35 to the Registrant s Annual Report on Form 10-K December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).

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Exhibit Number	Exhibit Description
10.38+	Third Amended and Restated Limited Liability Company Agreement of GSO Capital Opportunities Asso March 3, 2008 (incorporated herein by reference to Exhibit 10.36 to the Registrant s Annual Report on I December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.39+	Third Amended and Restated Limited Liability Company Agreement of GSO Capital Opportunities Ove as of March 3, 2008 (incorporated herein by reference to Exhibit 10.37 to the Registrant s Annual Repor ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.40+	Second Amended and Restated Limited Liability Company Agreement of GSO Liquidity Associates LL 2008 (incorporated herein by reference to Exhibit 10.38 to the Registrant s Annual Report on Form 10-I December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.41+	Amended and Restated Limited Liability Company Agreement of GSO Liquidity Overseas Associates L 2008 (incorporated herein by reference to Exhibit 10.39 to the Registrant s Annual Report on Form 10-I December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.42+	Blackstone / GSO Capital Solutions Associates LLC Second Amended and Restated Limited Liability C as of May 22, 2009 (incorporated herein by reference to Exhibit 10.40 to the Registrant s Quarterly Rep quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.43+	Blackstone / GSO Capital Solutions Overseas Associates LLC Second Amended and Restated Limited L Agreement, dated as of July 10, 2009 (incorporated herein by reference to Exhibit 10.41 to the Registran Form 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 20
10.44+	Blackstone Real Estate Special Situations Associates II L.L.C. Amended and Restated Limited Liability as of June 30, 2009 (incorporated herein by reference to Exhibit 10.42 to the Registrant s Quarterly Rep quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.45+	Blackstone Real Estate Special Situations Management Associates Europe L.P. Amended and Restated A Partnership, dated as of June 30, 2009 (incorporated herein by reference to Exhibit 10.43 to the Registrar Form 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 20
10.46+	BRECA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of May 1, 2009 reference to Exhibit 10.44 to the Registrant s Quarterly Report on 10-Q for the quarter ended June 30, 2 filed with the SEC on August 7, 2009).
10.47	Amended and Restated Master Aircraft Dry Lease Agreement between 113CS LLC and Blackstone Man L.L.C., dated as of February 27, 2012 (incorporated herein by reference to Exhibit 10.44 to the Registran 10-K for the year ended December 31, 2011 (File No. 001-33551) filed with the SEC on February 28, 20
10.48	GSO Targeted Opportunity Associates LLC Amended and Restated Limited Liability Company Agreem 9, 2009 (incorporated herein by reference to Exhibit 10.48 to the Registrant s Quarterly Report on Form March 31, 2010 (File No. 001-33551) filed with the SEC on May 10, 2010).

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Exhibit Number	Exhibit Description
10.49	GSO Targeted Opportunity Overseas Associates LLC Amended and Restated Limited Liability Company December 9, 2009 (incorporated herein by reference to Exhibit 10.49 to the Registrant s Quarterly Repo quarter ended March 31, 2010 (File No. 001-33551) filed with the SEC on May 10, 2010).
10.50	BCVA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of July 8, 2010 (i reference to Exhibit 10.50 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 001-33551) filed with the SEC on August 6, 2010).
10.51	Amended and Restated Agreement of Exempted Limited Partnership of MB Asia REA L.P., dated Nove (incorporated herein by reference to Exhibit 10.51 to the Registrant s Annual Report on Form 10-K for t 2010 (File No. 001-33551) filed with the SEC on February 25, 2011).
10.52	Amended and Restated Limited Liability Company Agreement of GSO SJ Partners Associates LLC, date and among GSO Holdings I L.L.C. and certain members of GSO SJ Partners Associates LLC thereto (inc reference to Exhibit 10.4 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended Marc 001-33551) filed with the SEC on May 6, 2011).
10.53+*	Amended and Restated Exempted Limited Partnership Agreement of GSO Capital Opportunities Associa December 31, 2015.
10.54	Blackstone EMA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of Aug herein by reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q for the quarter en (File No. 001-33551) filed with the SEC on November 9, 2011).
10.55	GSO NMERB Associates LLC Amended and Restated Limited Liability Company Agreement, dated as (incorporated herein by reference to Exhibit 10.2 to the Registrant s Quarterly Report on Form 10-Q for 30, 2011 (File No. 001-33551) filed with the SEC on November 9, 2011).
10.56	Blackstone Real Estate Associates VII L.P. Amended and Restated Agreement of Limited Partnership, d 2011 (incorporated herein by reference to Exhibit 10.3 to the Registrant s Quarterly Report on Form 10- September 30, 2011 (File No. 001-33551) filed with the SEC on November 9, 2011).
10.56.1	Blackstone Real Estate Associates VII L.P. Second Amended and Restated Agreement of Limited Partne September 1, 2011 (incorporated herein by reference to Exhibit 10.53.1 to the Registrant s Annual Repo ended December 31, 2011 (File No. 001-33551) filed with the SEC on February 28, 2012).
10.57	GSO Energy Partners-A Associates LLC Second Amended and Restated Limited Liability Company Ag February 28, 2012 (incorporated herein by reference to Exhibit 10.1 to the Registrant s Quarterly Report quarter ended March 31, 2012 (File No. 001-33551) filed with the SEC on May 7, 2012).
10.58	BTOA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of February 15, 2 reference to Exhibit 10.2 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended Marc 001-33551) filed with the SEC on May 7, 2012).
10.59+	Form of Deferred Holdings Unit Agreement for Senior Managing Directors (incorporated herein by refer Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 001-33551) f 7, 2012).

Exhibit Number	Exhibit Description
10.60+	Amended and Restated Limited Liability Company Agreement of Blackstone Commercial Real Estate D dated as of November 12, 2010 (incorporated herein by reference to Exhibit 10.3 to the Registrant s Qu for the quarter ended June 30, 2012 (File No. 001-33551) filed with the SEC on August 7, 2012).
10.61+	Limited Liability Company Agreement of Blackstone Innovations L.L.C., dated November 2, 2012 (inco reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended Septe 001-33551) filed with the SEC on November 2, 2012).
10.62+	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Innovations (Cayma 2, 2012 (incorporated herein by reference to Exhibit 10.2 to the Registrant s Quarterly Report on Form September 30, 2012 (File No. 001-33551) filed with the SEC on November 2, 2012).
10.63+	GSO Foreland Resources Co-Invest Associates LLC Amended and Restated Limited Liability Company August 10, 2012 (incorporated herein by reference to Exhibit 10.60 to the Registrant s Annual Report o ended December 31, 2012 (File No. 001-33551) filed with the SEC on March 1, 2013).
10.64+	GSO Palmetto Opportunistic Associates LLC Amended and Restated Limited Liability Company Agree 2012 (incorporated herein by reference to Exhibit 10.61 to the Registrant s Annual Report on Form 10- December 31, 2012 (File No. 001-33551) filed with the SEC on March 1, 2013).
10.65+	Agreement, dated as of July 6, 2010, between Blackstone Holdings I L.P. and John G. Finley (incorporat Exhibit 10.62 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2013 (with the SEC on February 28, 2014).
10.66+	Second Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Real Estate February 26, 2014 (incorporated herein by reference to Exhibit 10.63 to the Registrant s Annual Report ended December 31, 2013 (File No. 001-33551) filed with the SEC on February 28, 2014).
10.67+	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Real Estate Associat February 26, 2014 (incorporated herein by reference to Exhibit 10.64 to the Registrant s Annual Report ended December 31, 2013 (File No. 001-33551) filed with the SEC on February 28, 2014).
10.68+	Aircraft Dry Lease Agreement between XB Partners LLC and Blackstone Administrative Services Partn February 27, 2015 (incorporated herein by reference to Exhibit 10.65 to the Registrant s Annual Report ended December 31, 2014 (File No. 001-33551) filed with the SEC on February 27, 2015).
10.69+	Form of GSO Senior Managing Director Agreement by and among Blackstone Holdings I L.P. and each Directors from time to time party thereto (incorporated herein by reference to Exhibit 10.66 to the Regis Form 10-K for the year ended December 31, 2014 (File No. 001-33551) filed with the SEC on February
10.70+	Form of GSO Senior Managing Director Non-Compensation and Non-Solicitation Agreement by and am among Blackstone Holdings I L.P., Blackstone Holdings II L. P., Blackstone Holdings III L.P., Blacksto each of the Senior Managing Directors from time to time party thereto (incorporated herein by reference Registrant s Annual Report on Form 10-K for the year ended December 31, 2014 (File No. 001-33551) February 27, 2015).

Exhibit Number	Exhibit Description
10.71+	Form of Performance Earn Out Letter Agreement by and among Blackstone Holdings I L.P., GSO Hold GSO individuals party thereto (incorporated herein by reference to Exhibit 10.1 to the Registrant s Qua for the quarter ended March 31, 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.72+	Performance Earn Out Side Letter by and between Blackstone Holdings I L.P., Blackstone Holdings II I L.P. and Blackstone Holdings IV L.P. and Bennett J. Goodman dated February 24, 2015 (incorporated h Exhibit 10.2 to the Registrant s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (with the SEC on May 8, 2015).
10.73+	Form of Deferred Holdings Unit Agreement between The Blackstone Group L.P. and each GSO particip (incorporated herein by reference to Exhibit 10.3 to the Registrant s Quarterly Report on Form 10-Q fo 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.74	Aircraft Dry Lease Agreement between 113CS LLC and Blackstone Administrative Services Partnershi 15, 2015 (incorporated herein by reference to Exhibit 10.4 to the Registrant s Quarterly Report on Forn March 31, 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.75+	Form of Special Equity Award Deferred Holdings Unit Agreement under The Blackstone Group L.P. (incorporated herein by reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q fo 2015 (File No. 001-33551) filed with the SEC on August 6, 2015).
10.76+*	Amended and Restated Agreement of Limited Partnership of BREP Edens Associates L.P., dated as of I
10.77+*	Amended and Restated Agreement of Exempt Limited Partnership of Blackstone AG Associates L.P., d and deemed effective as of May 30, 2014.
10.78+*	Amended and Restated Agreement of Limited Partnership of BREP OMP Associates L.P., dated as of Ju
10.79+*	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone OBS Associates L.P 2016 and deemed effective July 25, 2014.
10.80+*	Amended and Restated Limited Liability Company Agreement of Blackstone EMA II L.L.C., dated as o
10.81+*	Second Amended and Restated Agreement of Limited Partnership of Blackstone Liberty Place Associat 9, 2015.
10.82+*	Second Amended and Restated Agreement of Exempted Limited Partnership of BPP Core Asia Associa 2016 and deemed effective March 18, 2015.
10.83+*	Second Amended and Restated Agreement of Exempted Limited Partnership of BPP Core Asia Associa February 16, 2016 and deemed effective March 18, 2015.
10.84+*	Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Associates VIII L.I 2015.
10.85+*	Amended and Restated Limited Liability Company Agreement of BMA VII L.L.C., dated as of May 13
10.86+*	Amended and Restated Agreement of Exempt Limited Partnership of Blackstone Property Associates In February 16, 2016 and deemed effective as of July 15, 2015.
10.87+*	Amended and Restated Agreement of Exempt Limited Partnership of Blackstone Property Associates In as of February 16, 2016 and deemed effective July 28, 2015.

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Exhibit Number	Exhibit Description
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Deloitte & Touche LLP.
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to S Sarbanes-Oxley Act of 2002 (furnished herewith).
99.1*	Section 13(r) Disclosure.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
\+ Management contract or compensatory plan or arrangement in which directors or executive officers are eligible to pa
The agreements and other documents filed as exhibits to this report are not intended to provide factual information or othe respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In representations and warranties made by us in these agreements or other documents were made solely within the specific co agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly causec
its behalf by the undersigned, thereunto duly authorized.

Date: February 26, 2016

The Blackstone Group L.P.

By: Blackstone Group Mana
its General Partner

/s/ Micl

Name: **Micha**

Title: **Chief Fir**

(Principal Financial Offic

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following p
registrant and in the capacities indicated on this 26th day of February, 2016.

Signature	Title
/s/ Stephen A. Schwarzman	Chief Executive Officer and Chairman of the Boar
Stephen A. Schwarzman	(Principal Executive Officer)
/s/ Bennett J. Goodman	Director
Bennett J. Goodman	
/s/ Jonathan D. Gray	Director
Jonathan D. Gray	
/s/ J. Tomilson Hill	Director
J. Tomilson Hill	
/s/ Hamilton E. James	Director
Hamilton E. James	
/s/ Peter T. Grauer	Director
Peter T. Grauer	
/s/ Richard Jenrette	Director
Richard Jenrette	
/s/ Rochelle B. Lazarus	Director

Rochelle B. Lazarus	
/s/ Jay O. Light	Director
Jay O. Light	
/s/ Brian Mulroney	Director
Brian Mulroney	

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Signature	Title
/s/ William G. Parrett	Director
William G. Parrett	
/s/ Michael S. Chae	Chief Financial Officer
Michael S. Chae	(Principal Financial Officer)
/s/ Kathleen Skero	Principal Accounting Officer
Kathleen Skero	(Principal Accounting Officer)