



Blackstone Reports Fourth Quarter and Full Year 2017 Results

New York, February 1, 2018: Blackstone (NYSE:BX) today reported its fourth quarter and full year 2017 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “I’m proud to share results from a truly exceptional year for Blackstone, reflected by outstanding earnings growth and record capital activity that drove our highest-ever level of aggregate cash distributions to shareholders. In 2017, we took in \$108 billion of capital inflows, invested more than \$50 billion, and returned more than \$55 billion to our limited partner investors through realizations – all new records for the firm. At the same time, Blackstone’s tireless drive to innovate has enabled us to launch large-scale new product areas that reach a wider client base and serve existing clients in new ways, including through more permanent capital vehicles. Our investors in turn have entrusted us with more capital than ever before, leading to a new record total assets under management of \$434 billion, up 18% year-over-year.”

Blackstone issued a full detailed presentation of its fourth quarter and full year 2017 results, which can be viewed at www.blackstone.com.

Distribution

Blackstone has declared a quarterly distribution of \$0.85 per common unit to record holders of common units at the close of business on February 12, 2018. This distribution will be paid on February 20, 2018.

Quarterly Investor Call Details

Blackstone will host a conference call on February 1, 2018 at 11:00 a.m. ET to discuss fourth quarter and full year 2017 results. The conference call can be accessed via the Investors section of Blackstone’s website at www.blackstone.com or by dialing +1 (877) 391-6747 (U.S. domestic) or +1 (617) 597-9291 (international), pass code 149 943 55#. For those unable to listen to the live broadcast, a replay will be available on www.blackstone.com or by dialing +1 (888) 286-8010 (U.S. domestic) or +1 (617) 801-6888 (international), pass code 893 174 64#.

About Blackstone

Blackstone is one of the world’s leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with over \$430 billion in assets under management, include investment vehicles focused on

private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter [@Blackstone](https://twitter.com/Blackstone).

Forward-Looking Statements

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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Blackstone's Fourth Quarter and Full Year 2017 Earnings

February 1, 2018

Blackstone's Fourth Quarter and Full Year 2017 GAAP Results

- ▶ GAAP Net Income was \$763 million for the quarter, and \$3.4 billion for the year. GAAP Net Income Attributable to The Blackstone Group L.P. was \$282 million for the quarter and \$1.5 billion for the year.

(Dollars in Thousands, Except per Unit Data) (Unaudited)			% Change				% Change	
	4Q'16	4Q'17	vs. 4Q'16	FY'16	FY'17	vs. FY'16		
Revenues								
Management and Advisory Fees, Net	\$ 630,092	\$ 719,687	14%	\$ 2,442,975	\$ 2,729,056	12%		
Performance Fees								
Realized Carried Interest	416,197	1,357,029	226%	1,474,830	3,439,754	133%		
Realized Incentive Fees	82,382	185,420	125%	170,537	374,571	120%		
Unrealized Carried Interest	239,224	(443,581)	n/m	481,304	(100,477)	n/m		
Unrealized Incentive Fees	3,760	(107,095)	n/m	49,660	(8,692)	n/m		
Total Performance Fees	741,563	991,773	34%	2,176,331	3,705,156	70%		
Investment Income (Loss)								
Realized	106,350	184,562	74%	278,737	635,769	128%		
Unrealized	9,967	(20,567)	n/m	77,314	42,605	(45)%		
Total Investment Income	116,317	163,995	41%	356,051	678,374	91%		
Interest and Dividend Revenue	28,544	40,524	42%	95,724	139,696	46%		
Other	52,853	(33,781)	n/m	54,753	(133,229)	n/m		
Total Revenues	1,569,369	1,882,198	20%	5,125,834	7,119,053	39%		
Expenses								
Compensation and Benefits								
Compensation	304,347	364,484	20%	1,335,408	1,442,485	8%		
Performance Fee Compensation								
Realized Carried Interest	141,443	531,067	275%	455,954	1,226,561	169%		
Realized Incentive Fees	33,286	69,627	109%	78,096	160,683	106%		
Unrealized Carried Interest	137,591	(151,899)	n/m	312,838	105,372	(66)%		
Unrealized Incentive Fees	1,489	(40,931)	n/m	21,134	(4,286)	n/m		
Total Compensation and Benefits	618,156	772,348	25%	2,203,430	2,930,815	33%		
General, Administrative and Other	141,954	129,236	(9)%	520,309	466,316	(10)%		
Interest Expense	41,142	74,606	81%	152,654	197,486	29%		
Fund Expenses	23,232	32,692	41%	52,181	132,787	154%		
Total Expenses	824,484	1,008,882	22%	2,928,574	3,727,404	27%		
Other Income								
Reversal of Tax Receivable Agreement Liability	-	403,855	n/m	-	403,855	n/m		
Net Gains from Fund Investment Activities	73,510	81,963	11%	184,750	321,597	74%		
Income Before Provision for Taxes	\$ 818,395	\$ 1,359,134	66%	\$ 2,382,010	\$ 4,117,101	73%		
Provision for Taxes	48,087	596,590	n/m	132,362	743,147	461%		
Net Income	\$ 770,308	\$ 762,544	(1)%	\$ 2,249,648	\$ 3,373,954	50%		
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	1,663	7,600	357%	3,977	13,806	247%		
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	58,684	132,364	126%	246,152	497,439	102%		
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	342,010	340,992	(0)%	960,284	1,391,879	45%		
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 367,951	\$ 281,588	(23)%	\$ 1,039,235	\$ 1,470,830	42%		
Net Income per Common Unit, Basic	\$ 0.56	\$ 0.42	(25)%	\$ 1.60	\$ 2.21	38%		
Net Income per Common Unit, Diluted	\$ 0.55	\$ 0.42	(24)%	\$ 1.56	\$ 2.21	42%		

n/m = not meaningful. The enactment of the Tax Cuts and Jobs Act in 4Q'17 resulted in income of \$404 million related to a reduction to the Tax Receivable Liability and an increase in the Provision for Taxes of \$501 million due to a partial reversal of Deferred Tax Assets.

Blackstone's Fourth Quarter and Full Year 2017 Segment Highlights

- ▶ Economic Net Income (“ENI”) was \$850 million (\$0.71/unit) in the quarter, up 5% year-over-year, on \$1.8 billion of Total Segment Revenues.
 - ENI was \$3.4 billion (\$2.81/unit) for the year, up 41% year-over-year, on \$6.8 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$1.2 billion (\$1.00/unit) in the quarter, up 94% year-over-year, driven by \$1.5 billion of Realized Performance Fees.
 - DE was a record \$3.9 billion (\$3.17/unit) for the year on \$3.8 billion of Realized Performance Fees.
- ▶ Fee Related Earnings (“FRE”) was \$328 million in the quarter, up 11% year-over-year, on \$732 million of Net Management and Advisory Fees.
 - FRE was a record \$1.2 billion for the year, up 21% year-over-year, on \$2.8 billion of Net Management and Advisory Fees.
- ▶ Total Assets Under Management (“AUM”) grew to a record \$434.1 billion through a combination of continued fundraising, fund appreciation, and strategic platform expansion.
 - Inflows were \$62.2 billion in the quarter, including \$22 billion from Fidelity & Guaranty Life and \$11 billion from the acquisition of Harvest, bringing full year inflows to a record \$108.0 billion.
 - Total AUM increased 18% year-over-year and Fee-Earning AUM was up 21% to \$335.3 billion.
- ▶ Quarterly and annual capital deployed records of \$19.5 billion and \$50.7 billion, respectively.
- ▶ Blackstone declared a fourth quarter distribution of \$0.85 per common unit payable on February 20, 2018.

Blackstone's Fourth Quarter and Full Year 2017 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	4Q'16	4Q'17	% Change vs. 4Q'16	FY'16	FY'17	% Change vs. FY'16
Management and Advisory Fees, Net	\$ 635,892	\$ 732,392	15%	\$ 2,462,993	\$ 2,770,791	12%
Performance Fees	741,903	992,758	34%	2,177,986	3,708,124	70%
Investment Income	99,282	55,737	(44)%	220,290	304,988	38%
Interest Income and Dividend Revenue	28,544	42,836	50%	96,399	142,920	48%
Other	52,839	(35,151)	n/m	54,712	(140,051)	n/m
Total Revenues	1,558,460	1,788,572	15%	5,012,380	6,786,772	35%
Total Expenses	713,600	902,192	26%	2,531,096	3,309,150	31%
Taxes	33,250	36,006	8%	92,263	101,531	10%
Economic Net Income	\$ 811,610	\$ 850,374	5%	\$ 2,389,021	\$ 3,376,091	41%
<i>ENI per Unit</i>	<i>\$ 0.68</i>	<i>\$ 0.71</i>	<i>4%</i>	<i>\$ 2.00</i>	<i>\$ 2.81</i>	<i>41%</i>
Fee Related Earnings	\$ 294,495	\$ 327,586	11%	\$ 1,021,688	\$ 1,236,219	21%
Distributable Earnings	\$ 638,994	\$ 1,239,146	94%	\$ 2,121,575	\$ 3,876,215	83%
<i>DE per Common Unit</i>	<i>\$ 0.51</i>	<i>\$ 1.00</i>	<i>96%</i>	<i>\$ 1.73</i>	<i>\$ 3.17</i>	<i>83%</i>
Total AUM	\$ 366,553,465	\$ 434,128,243	18%	\$ 366,553,465	\$ 434,128,243	18%
Fee-Earning AUM	\$ 277,092,672	\$ 335,343,998	21%	\$ 277,092,672	\$ 335,343,998	21%

See note on page 13 regarding Total Segment measures.

Private Equity

- ▶ Corporate Private Equity carrying value increased 6.8% in the quarter and 17.6% for the year driven by broad based appreciation in the private portfolio and public holdings.
- ▶ Realizations of \$4.4 billion in the quarter were driven by private company sales in Corporate Private Equity, and strong activity across Tactical Opportunities and Strategic Partners, bringing full year realizations to \$15.8 billion.
- ▶ Invested \$4.9 billion in the quarter, including the first deal in the recently raised Asia fund and deployments in Tactical Opportunities and Strategic Partners.
 - Committed an additional \$2.3 billion during the year that has not yet been deployed.
- ▶ Total AUM inflows of \$5.0 billion and portfolio appreciation in the quarter drove Total AUM to \$105.6 billion.
- ▶ Net Management and Advisory Fees of \$764 million for the full year, up 36% year-over-year primarily due to a full year of management fees from BCP VII.

(Dollars in Thousands)	4Q'16	4Q'17	% Change		FY'16	FY'17	% Change	
			vs. 4Q'16				vs. FY'16	
Management and Advisory Fees, Net	\$ 157,467	\$ 202,099	28%		\$ 560,066	\$ 764,435	36%	
Performance Fees	253,547	365,350	44%		670,959	1,143,974	70%	
Investment Income	24,203	22,995	(5)%		68,784	103,420	50%	
Interest, Dividend and Other Revenue	25,749	(183)	n/m		45,822	(2,824)	n/m	
Total Revenues	460,966	590,261	28%		1,345,631	2,009,005	49%	
Compensation	72,916	92,229	26%		309,968	362,674	17%	
Performance Fee Compensation	116,659	154,580	33%		274,819	475,639	73%	
Interest Expense	12,987	19,170	48%		49,126	51,129	4%	
Other Operating Expenses	34,771	32,478	(7)%		130,685	120,997	(7)%	
Total Expenses	237,333	298,457	26%		764,598	1,010,439	32%	
Economic Income	\$ 223,633	\$ 291,804	30%		\$ 581,033	\$ 998,566	72%	
Total AUM	\$ 100,189,994	\$ 105,560,576	5%		\$ 100,189,994	\$ 105,560,576	5%	
Fee-Earning AUM	\$ 69,110,457	\$ 70,140,883	1%		\$ 69,110,457	\$ 70,140,883	1%	

17.6%

FY'17 Increase in Corporate
Private Equity Carrying Value

\$4.4 billion

4Q'17 Realizations

\$105.6 billion

Total AUM up 5% YoY

Real Estate

- ▶ Scale and reach of global platform resulted in a record \$24.5 billion of realizations, record \$19.9 billion capital deployed and \$23.8 billion of Total AUM inflows in 2017.
- ▶ Opportunistic funds' carrying value increased 5.2% during the quarter and 19.4% for the full year; core+ funds' carrying value increased 3.3% in the quarter and 12.0% for the year.
- ▶ Quarterly realizations of \$10.2 billion driven by the sale of Logicor, the largest private exit in BREP's history.
- ▶ Invested \$11.0 billion in the quarter, including two public-to-private transactions in Asia.
 - \$4.4 billion of transactions committed but not yet deployed during the year and an additional \$1.7 billion committed in January, including the privatization of a Canadian industrial REIT.
- ▶ Total AUM up 13% and Fee-Earning AUM up 17% year-over-year to \$115.3 billion and \$84.0 billion, respectively.
 - Total AUM inflows of \$10.9 billion during the quarter driven by Europe core+, including \$6.0 billion Logicor asset management mandate and \$2.0 billion in Total AUM from the initial closing for BPP Europe.
 - Global core+ Total AUM up 91% year-over-year to \$27.0 billion, four years after launching the business.

(Dollars in Thousands)	4Q'16	4Q'17	% Change		FY'16	FY'17	% Change	
			vs. 4Q'16				vs. FY'16	
Management Fees, Net	\$ 219,183	\$ 244,064	11%		\$ 883,163	\$ 939,038	6%	
Performance Fees	358,319	479,363	34%		1,121,639	2,074,967	85%	
Investment Income	59,749	24,747	(59)%		121,593	133,683	10%	
Interest, Dividend and Other Revenue	27,615	3,834	(86)%		54,976	6,659	(88)%	
Total Revenues	664,866	752,008	13%		2,181,371	3,154,347	45%	
Compensation	82,000	108,490	32%		385,352	427,211	11%	
Performance Fee Compensation	136,304	195,383	43%		406,354	802,861	98%	
Interest Expense	13,138	26,891	105%		49,849	71,341	43%	
Other Operating Expenses	37,956	38,543	2%		137,581	136,042	(1)%	
Total Expenses	269,398	369,307	37%		979,136	1,437,455	47%	
Economic Income	\$ 395,468	\$ 382,701	(3)%		\$ 1,202,235	\$ 1,716,892	43%	
Total AUM	\$ 101,963,652	\$ 115,340,363	13%		\$ 101,963,652	\$ 115,340,363	13%	
Fee-Earning AUM	\$ 72,030,054	\$ 83,984,824	17%		\$ 72,030,054	\$ 83,984,824	17%	

19.4%
FY'17 Increase in Opportunistic
Funds' Carrying Value

\$10.2 billion
4Q'17 Realizations

\$115.3 billion
Total AUM up 13% YoY

Carrying value for core+ funds excludes BREIT.

Hedge Fund Solutions

- ▶ The BPS Composite gross return was 1.5% in the quarter (1.3% net), and 8.3% for the full year (7.3% net), continuing positive momentum in returns for hedge fund strategies.
- ▶ Record full year Total Segment Revenues of \$728 million, up 22% year-over-year.
- ▶ Total AUM inflows of \$4.1 billion during the quarter and \$12.1 billion for the year, driven by customized solutions, commingled products and individual investor and specialized solutions.
 - January 1 subscriptions of \$1.3 billion are not yet included in Total AUM.
- ▶ Total AUM increased 6% year-over-year to a record \$75.1 billion, driven primarily by appreciation across strategies.
 - Total AUM for BAAM's individual investor solutions platform reached \$8.3 billion, up 20% from \$6.9 billion year-over-year.
 - Fee-Earning AUM up 4% year-over-year to \$69.9 billion.

(Dollars in Thousands)	4Q'16	4Q'17	% Change vs. 4Q'16	FY'16	FY'17	% Change vs. FY'16
Management Fees, Net	\$ 131,557	\$ 130,384	(1)%	\$ 522,797	\$ 518,935	(1)%
Performance Fees	25,573	29,525	15%	43,466	162,114	273%
Investment Income	5,424	6,583	21%	8,238	50,086	508%
Interest, Dividend and Other Revenue	13,876	1,347	(90)%	22,021	(2,855)	n/m
Total Revenues	176,430	167,839	(5)%	596,522	728,280	22%
Compensation	39,509	37,470	(5)%	185,320	176,782	(5)%
Performance Fee Compensation	9,665	2,436	(75)%	19,870	56,245	183%
Interest Expense	6,481	11,624	79%	24,524	31,618	29%
Other Operating Expenses	19,039	17,610	(8)%	75,870	68,265	(10)%
Total Expenses	74,694	69,140	(7)%	305,584	332,910	9%
Economic Income	\$ 101,736	\$ 98,699	(3)%	\$ 290,938	\$ 395,370	36%
Total AUM	\$ 71,119,718	\$ 75,090,834	6%	\$ 71,119,718	\$ 75,090,834	6%
Fee-Earning AUM	\$ 66,987,553	\$ 69,914,061	4%	\$ 66,987,553	\$ 69,914,061	4%

8.3%
FY'17 BPS Composite Gross Return

\$4.1 billion
4Q'17 Total AUM Inflows

\$75.1 billion
Total AUM up 6% YoY

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

Credit

- ▶ Composite gross returns of 11.2% for Performing Credit and 7.7% for Distressed Strategies for the year.
 - Composite gross returns for the quarter were 1.7% for Performing Credit and 3.4% for Distressed Strategies.
- ▶ Investment pace remained strong with a record \$3.2 billion of capital deployed during the quarter and a record \$9.7 billion over the full year.
- ▶ Total AUM increased 48% year-over-year to a record \$138.1 billion, driven by inflows from the new Blackstone Insurance Solutions platform primarily comprised of Fidelity & Guaranty Life, and the acquisition of Harvest.
 - Blackstone Insurance Solutions comprises \$22.5 billion of Total AUM.
 - Closed the acquisition of Harvest, contributing \$10.8 billion to Total AUM.
 - Raised \$649 million of capital in the quarter for the successor flagship distressed fund, ending the year with a total of \$6.7 billion of capital raised.
 - Launched nine CLOs (six U.S. and three European) for the year totaling \$5.8 billion, including \$2.1 billion in the fourth quarter.

(Dollars in Thousands)	4Q'16		4Q'17		% Change		FY'16		FY'17		% Change	
					vs. 4Q'16						vs. FY'16	
Management Fees, Net	\$	127,685	\$	155,845	22%	\$	496,967	\$	548,383	10%		
Performance Fees		104,464		118,520	13%		341,922		327,069	(4)%		
Investment Income		9,906		1,412	(86)%		21,675		17,799	(18)%		
Interest, Dividend and Other Revenue		14,143		2,687	(81)%		28,292		1,889	(93)%		
Total Revenues		256,198		278,464	9%		888,856		895,140	1%		
Compensation		46,638		67,845	45%		202,576		236,449	17%		
Performance Fee Compensation		51,181		55,465	8%		166,979		153,585	(8)%		
Interest Expense		6,480		14,660	126%		24,523		38,750	58%		
Other Operating Expenses		27,876		27,318	(2)%		87,700		99,562	14%		
Total Expenses		132,175		165,288	25%		481,778		528,346	10%		
Economic Income	\$	124,023	\$	113,176	(9)%	\$	407,078	\$	366,794	(10)%		
Total AUM	\$	93,280,101	\$	138,136,470	48%	\$	93,280,101	\$	138,136,470	48%		
Fee-Earning AUM	\$	68,964,608	\$	111,304,230	61%	\$	68,964,608	\$	111,304,230	61%		

FY'17 Composite Gross Returns

Performing Credit	11.2%
Distressed	7.7%

\$9.7 billion

FY'17 Total Capital Deployed

\$138.1 billion

Total AUM up 48% YoY

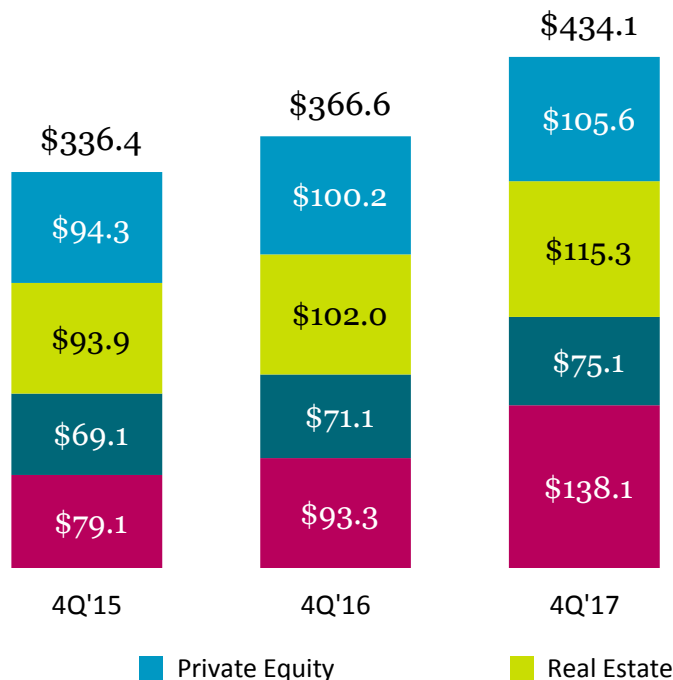
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include credit alpha strategies, stressed / distressed funds and distressed energy strategies. The composite gross returns represent a weighted-average composite of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end for each strategy. Composite gross returns exclude the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. Performing Credit Strategies' net composite returns were 0.3% and 6.2% for 4Q'17 and FY'17. Distressed Strategies' net composite returns were 2.6% and 4.9% for 4Q'17 and FY'17. The breakdown of Total AUM for 4Q'17 is as follows: Distressed Strategies \$26.6 billion (23% Incentive Fee, 77% Carried Interest), Performing Credit Strategies \$40.0 billion (47% Incentive Fee, 53% Carried Interest), Long Only \$38.2 billion, Blackstone Insurance Solutions \$22.5 billion, and Harvest \$10.8 billion. The breakdown of Fee-Earning AUM for 4Q'17 is as follows: Distressed Strategies \$12.9 billion (43% Incentive Fee, 57% Carried Interest), Performing Credit Strategies \$27.5 billion (68% Incentive Fee, 32% Carried Interest), Long Only \$37.6 billion, Blackstone Insurance Solutions \$22.5 billion, and Harvest \$10.8 billion.

Assets Under Management

- ▶ Total AUM increased 18% year-over-year to \$434.1 billion driven by \$108.0 billion of inflows.
 - Total AUM increased despite realizations of \$55.2 billion during the year.
- ▶ Fee-Earning AUM of \$335.3 billion up 21% year-over-year as \$97.2 billion of inflows outpaced \$49.1 billion of realizations and outflows.

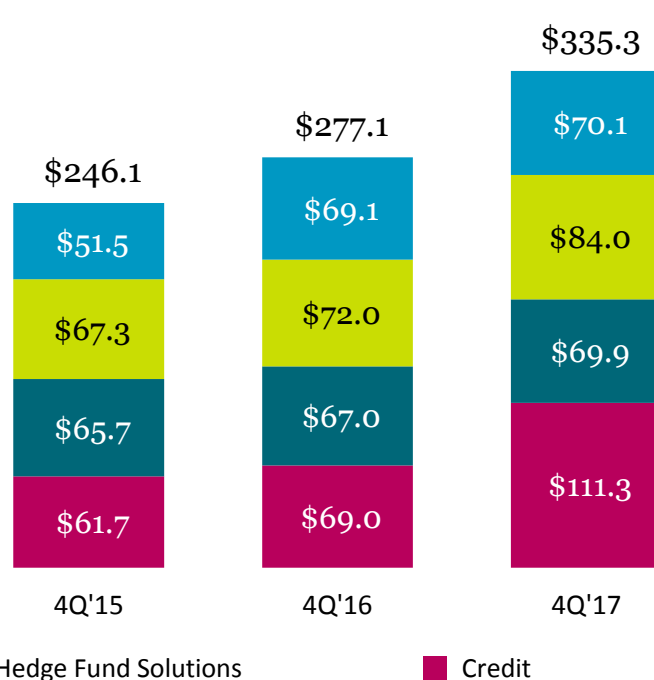
Total AUM by Segment

(Dollars in Billions)



Fee-Earning AUM by Segment

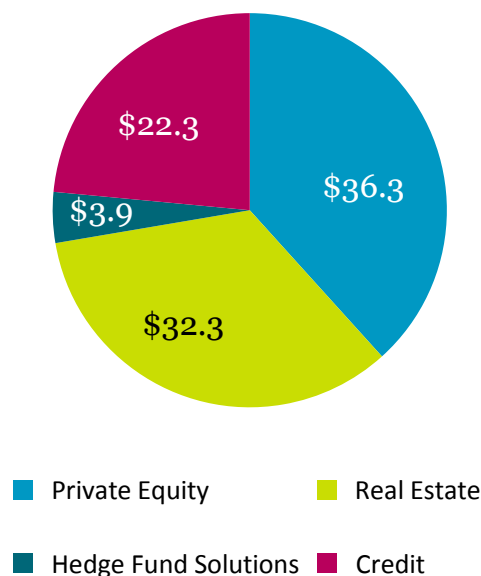
(Dollars in Billions)



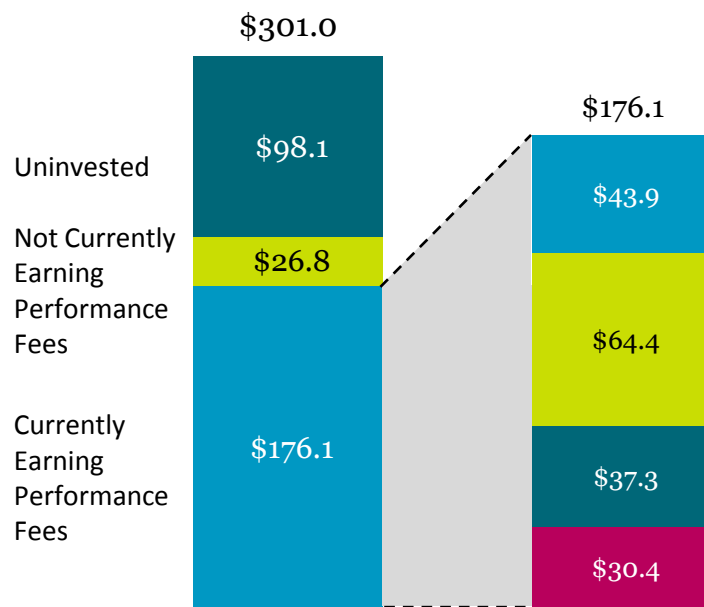
Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$94.8 billion, despite \$50.7 billion of capital deployed in the year.
 - 79% of Total Dry Powder was raised since the beginning of 2015.
- ▶ Performance Fee Eligible AUM reached \$301.0 billion at quarter end, up 11% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.

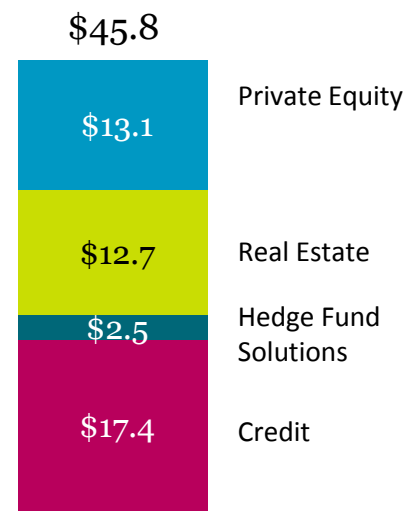
\$95 billion 4Q'17 Total Dry Powder



\$301 billion Performance Fee Eligible AUM



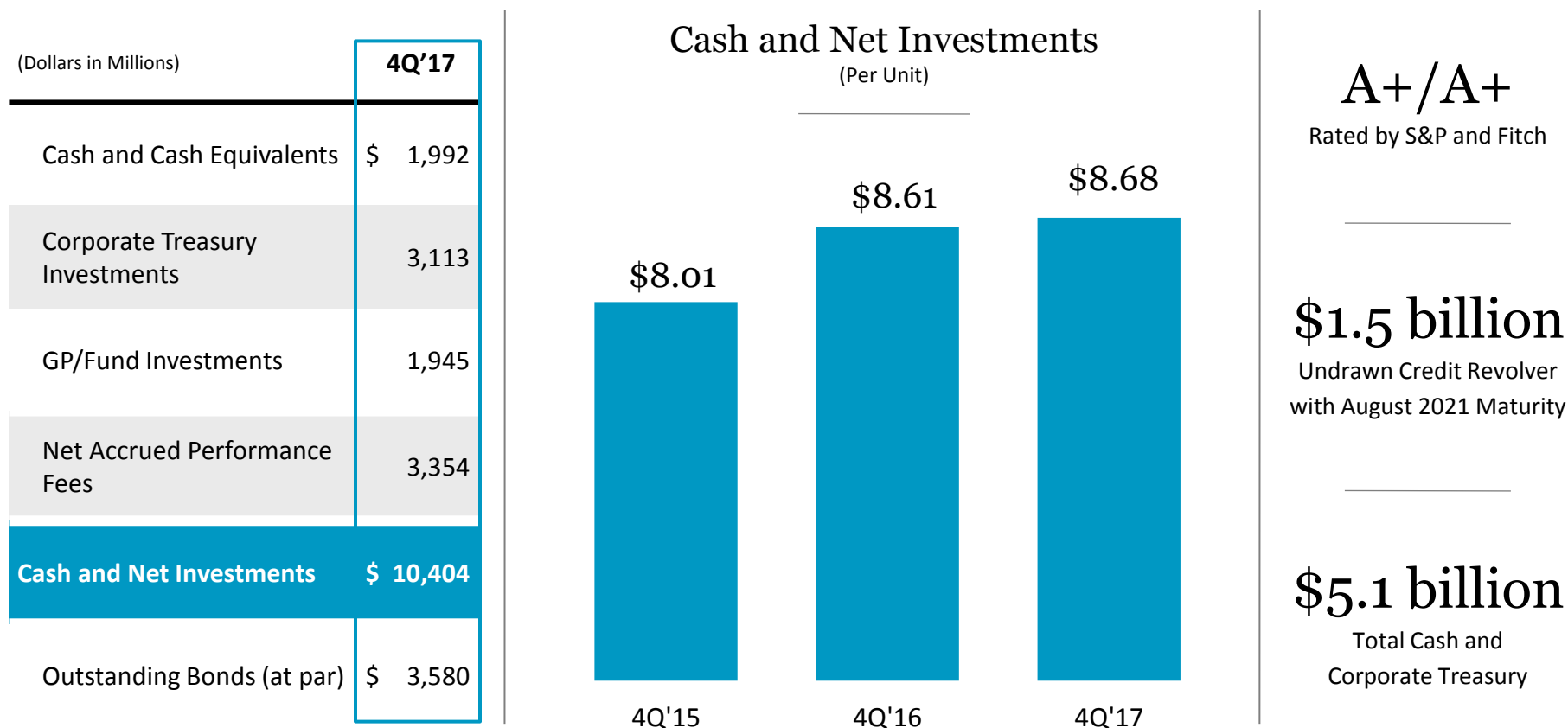
\$46 billion Not Currently Earning Management Fees



Performance Fee Eligible AUM Currently Earning Performance Fees of \$176.1 billion includes \$43.9 billion for Private Equity (Corporate Private Equity \$26.2 billion, Tactical Opportunities \$11.6 billion, Strategic Partners \$6.1 billion), \$64.4 billion for Real Estate (BREP \$42.1 billion, core+ and BREIT \$14.7 billion, BREDS \$7.6 billion), \$37.3 billion for Hedge Funds Solutions, and \$30.4 billion for Credit (Distressed Strategies \$9.6 billion, Performing Credit Strategies \$20.2 billion, Long Only and Master Limited Partnership (“MLP”) \$655 million).

Deconsolidated Balance Sheet Highlights

- ▶ At December 31, 2017, Blackstone had \$5.1 billion in total cash, cash equivalents, and corporate treasury investments and \$10.4 billion of cash and net investments, or \$8.68 per unit.
- ▶ Blackstone has no net debt, a \$1.5 billion undrawn credit revolver and maintains A+/A+ ratings.
 - In October, Blackstone issued \$300 million of 30-year notes at a 4.00% coupon and \$300 million of 10-year notes at a 3.15% coupon, with proceeds being used to repurchase all of the outstanding 2019 notes.



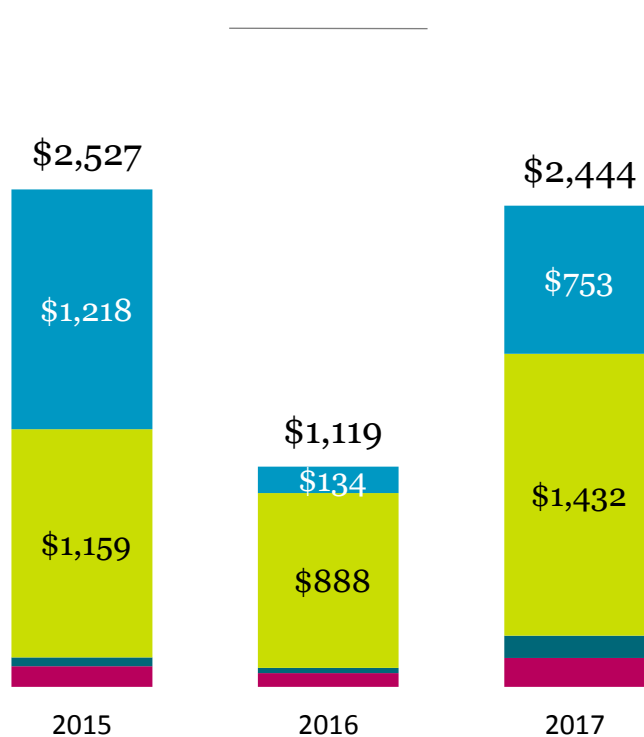
Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. GP/Fund Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$607 million, \$893 million, \$79 million, and \$367 million, respectively, as of December 31, 2017. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding (see page 32, Unit Rollforward).

Performance Fees

- ▶ Net Accrued Performance Fees were \$3.4 billion (\$2.80/unit), stable over the last twelve months with strong appreciation generating \$2.2 billion of additional Net Accrued Performance Fees that offset \$2.4 billion of Net Realized Performance Fees.

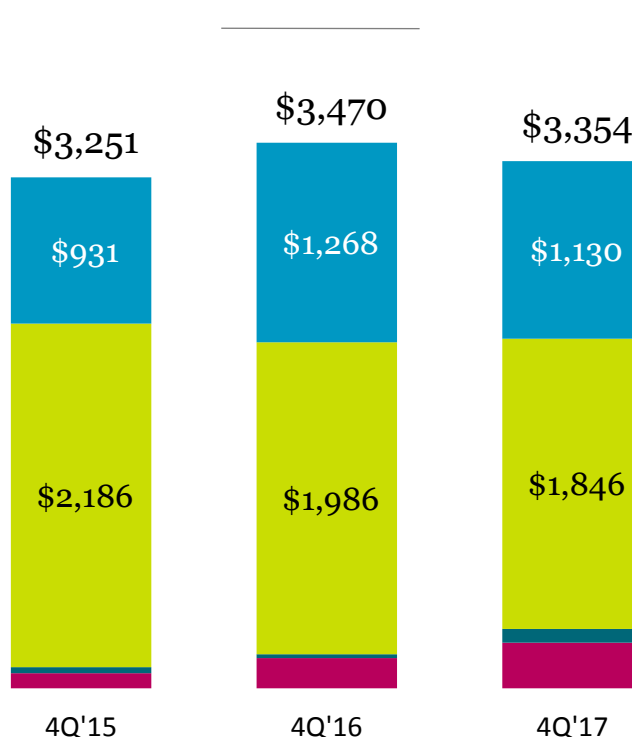
Net Realized Performance Fees

(Dollars in Millions)



Net Accrued Performance Fees

(Dollars in Millions)



\$3.4 billion

Net Accrued Performance Fees
at 4Q'17

\$2.80

per unit
Net Accrued Performance Fees
at 4Q'17

■ Private Equity

■ Real Estate

■ Hedge Fund Solutions

■ Credit

Appendix

Total Segments

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 623,571	\$ 642,958	\$ 671,368	\$ 669,902	\$ 696,163	\$ 2,397,779	\$ 2,680,391
Transaction, Advisory and Other Fees, Net	35,618	40,222	38,892	32,295	45,407	144,858	156,816
Management Fee Offsets	(23,297)	(33,599)	(13,424)	(10,215)	(9,178)	(79,644)	(66,416)
Total Management and Advisory Fees, Net	635,892	649,581	696,836	691,982	732,392	2,462,993	2,770,791
Performance Fees							
Realized Carried Interest	416,250	1,111,322	602,293	369,309	1,357,029	1,474,915	3,439,953
Realized Incentive Fees	83,993	47,137	41,106	101,198	187,858	172,101	377,299
Unrealized Carried Interest	239,210	(154,747)	65,080	432,597	(443,581)	481,241	(100,651)
Unrealized Incentive Fees	2,450	60,016	48,527	(8,472)	(108,548)	49,729	(8,477)
Total Performance Fees	741,903	1,063,728	757,006	894,632	992,758	2,177,986	3,708,124
Investment Income (Loss)							
Realized	95,666	202,894	100,887	60,188	72,225	199,869	436,194
Unrealized	3,616	(98,935)	(33,167)	17,384	(16,488)	20,421	(131,206)
Total Investment Income	99,282	103,959	67,720	77,572	55,737	220,290	304,988
Interest Income and Dividend Revenue	28,544	28,496	33,703	37,885	42,836	96,399	142,920
Other	52,839	(8,287)	(62,469)	(34,144)	(35,151)	54,712	(140,051)
Total Revenues	1,558,460	1,837,477	1,492,796	1,667,927	1,788,572	5,012,380	6,786,772
Expenses							
Compensation	241,063	289,027	305,257	302,798	306,034	1,083,216	1,203,116
Performance Fee Compensation							
Realized Carried Interest	141,443	366,191	195,289	134,014	531,067	455,954	1,226,561
Realized Incentive Fees	33,286	22,752	21,481	46,823	69,627	78,096	160,683
Unrealized Carried Interest	137,591	(4,387)	74,500	187,158	(151,899)	312,838	105,372
Unrealized Incentive Fees	1,489	23,139	20,600	(7,094)	(40,931)	21,134	(4,286)
Total Compensation and Benefits	554,872	696,722	617,127	663,699	713,898	1,951,238	2,691,446
Interest Expense	39,086	39,450	40,294	40,749	72,345	148,022	192,838
Other Operating Expenses	119,642	96,462	105,838	106,617	115,949	431,836	424,866
Total Expenses	713,600	832,634	763,259	811,065	902,192	2,531,096	3,309,150
Economic Income	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 856,862	\$ 886,380	\$ 2,481,284	\$ 3,477,622
Economic Net Income	\$ 811,610	\$ 986,038	\$ 705,369	\$ 834,310	\$ 850,374	\$ 2,389,021	\$ 3,376,091
Fee Related Earnings	\$ 294,495	\$ 290,742	\$ 311,183	\$ 306,708	\$ 327,586	\$ 1,021,688	\$ 1,236,219
Distributable Earnings	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,239,146	\$ 2,121,575	\$ 3,876,215
Total Assets Under Management	\$ 366,553,465	\$ 368,196,917	\$ 371,056,281	\$ 387,449,746	\$ 434,128,243	\$ 366,553,465	\$ 434,128,243
Fee-Earning Assets Under Management	\$ 277,092,672	\$ 280,215,551	\$ 281,934,511	\$ 285,698,425	\$ 335,343,998	\$ 277,092,672	\$ 335,343,998
Weighted Average Fee-Earning AUM	\$ 274,475,842	\$ 279,582,971	\$ 281,966,547	\$ 284,114,581	\$ 311,353,064	\$ 264,986,623	\$ 289,116,993
LP Capital Invested	\$ 7,974,603	\$ 9,709,930	\$ 7,799,624	\$ 10,043,022	\$ 18,663,837	\$ 22,421,750	\$ 46,216,413
Total Capital Invested	\$ 8,221,697	\$ 11,840,913	\$ 8,382,583	\$ 10,925,170	\$ 19,529,797	\$ 23,275,410	\$ 50,678,463

Effective 4Q'17, Total Segment measures have been redefined to eliminate inter-segment interest revenue and expense. This adjustment results in no change to Economic Income, ENI, DE and FRE on a Total Segment basis, but results in changes to each segment's Economic Income. All historical results since its inception in 1Q'14 have been recast. Please see page 33 for Blackstone's Definitions of these measures. Effective 4Q'17, an insurance related multi-asset product in our Private Equity segment was reclassified to our Credit segment. All historical results since its inception in 3Q'16 have been recast. Please see Blackstone's 4Q'17 Supplemental Financial Data available at ir.blackstone.com for additional historical periods.

Private Equity

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 160,554	\$ 176,706	\$ 177,684	\$ 182,764	\$ 187,664	\$ 555,593	\$ 724,818
Transaction, Advisory and Other Fees, Net	7,763	16,176	17,289	8,748	15,411	39,283	57,624
Management Fee Offsets	(10,850)	(12,190)	(3,753)	(1,088)	(976)	(34,810)	(18,007)
Total Management and Advisory Fees, Net	157,467	180,692	191,220	190,424	202,099	560,066	764,435
Performance Fees							
Realized Carried Interest	131,532	582,681	198,168	101,918	274,421	245,268	1,157,188
Unrealized Carried Interest	122,015	(184,478)	9	80,326	90,929	425,691	(13,214)
Total Performance Fees	253,547	398,203	198,177	182,244	365,350	670,959	1,143,974
Investment Income (Loss)							
Realized	50,339	81,294	41,168	7,077	25,298	73,377	154,837
Unrealized	(26,136)	(40,522)	(25,892)	17,300	(2,303)	(4,593)	(51,417)
Total Investment Income	24,203	40,772	15,276	24,377	22,995	68,784	103,420
Interest Income and Dividend Revenue	7,510	6,661	7,922	9,046	9,209	25,364	32,838
Other	18,239	(1,800)	(16,124)	(8,346)	(9,392)	20,458	(35,662)
Total Revenues	460,966	624,528	396,471	397,745	590,261	1,345,631	2,009,005
Expenses							
Compensation	72,916	83,603	90,676	96,166	92,229	309,968	362,674
Performance Fee Compensation							
Realized Carried Interest	50,768	181,633	63,060	48,019	111,832	110,882	404,544
Unrealized Carried Interest	65,891	(39,356)	22,219	45,484	42,748	163,937	71,095
Total Compensation and Benefits	189,575	225,880	175,955	189,669	246,809	584,787	838,313
Interest Expense	12,987	10,427	10,728	10,804	19,170	49,126	51,129
Other Operating Expenses	34,771	27,761	28,592	32,166	32,478	130,685	120,997
Total Expenses	237,333	264,068	215,275	232,639	298,457	764,598	1,010,439
Economic Income	\$ 223,633	\$ 360,460	\$ 181,196	\$ 165,106	\$ 291,804	\$ 581,033	\$ 998,566
Total Assets Under Management	\$ 100,189,994	\$ 99,707,057	\$ 100,019,716	\$ 102,453,979	\$ 105,560,576	\$ 100,189,994	\$ 105,560,576
Fee-Earning Assets Under Management	\$ 69,110,457	\$ 68,227,286	\$ 68,029,670	\$ 67,538,062	\$ 70,140,883	\$ 69,110,457	\$ 70,140,883
Weighted Average Fee-Earning AUM	\$ 69,613,443	\$ 68,613,668	\$ 68,194,287	\$ 67,606,365	\$ 68,815,882	\$ 66,103,146	\$ 68,739,122
LP Capital Invested	\$ 2,355,726	\$ 4,736,388	\$ 3,846,841	\$ 3,725,919	\$ 4,614,237	\$ 7,443,607	\$ 16,923,385
Total Capital Invested	\$ 2,495,215	\$ 6,748,859	\$ 4,221,479	\$ 4,279,062	\$ 4,929,609	\$ 7,911,511	\$ 20,179,009

Real Estate

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
Revenues							
Management Fees, Net							
Base Management Fees	\$ 196,621	\$ 197,879	\$ 227,865	\$ 224,048	\$ 222,399	\$ 795,161	\$ 872,191
Transaction and Other Fees, Net	24,228	21,279	16,087	20,616	24,799	95,324	82,781
Management Fee Offsets	(1,666)	(3,550)	(5,018)	(4,232)	(3,134)	(7,322)	(15,934)
Total Management Fees, Net	219,183	215,608	238,934	240,432	244,064	883,163	939,038
Performance Fees							
Realized Carried Interest	274,495	519,841	389,004	261,122	954,505	1,203,484	2,124,472
Realized Incentive Fees	15,600	2,914	5,315	50,588	37,585	29,625	96,402
Unrealized Carried Interest	58,849	(22,268)	77,200	292,544	(493,952)	(150,997)	(146,476)
Unrealized Incentive Fees	9,375	18,713	22,608	(21,977)	(18,775)	39,527	569
Total Performance Fees	358,319	519,200	494,127	582,277	479,363	1,121,639	2,074,967
Investment Income (Loss)							
Realized	43,104	119,579	57,599	44,449	34,276	122,712	255,903
Unrealized	16,645	(83,853)	(20,519)	(8,319)	(9,529)	(1,119)	(122,220)
Total Investment Income	59,749	35,726	37,080	36,130	24,747	121,593	133,683
Interest Income and Dividend Revenue	10,866	12,094	14,493	15,461	16,036	38,453	58,084
Other	16,749	(3,150)	(22,965)	(13,108)	(12,202)	16,523	(51,425)
Total Revenues	664,866	779,478	761,669	861,192	752,008	2,181,371	3,154,347
Expenses							
Compensation	82,000	102,702	110,266	105,753	108,490	385,352	427,211
Performance Fee Compensation							
Realized Carried Interest	85,686	179,925	124,292	84,192	354,602	332,622	743,011
Realized Incentive Fees	4,888	1,364	2,931	21,887	20,011	12,085	46,193
Unrealized Carried Interest	41,787	11,798	59,174	113,731	(171,015)	44,775	13,688
Unrealized Incentive Fees	3,943	8,509	9,680	(10,005)	(8,215)	16,872	(31)
Total Compensation and Benefits	218,304	304,298	306,343	315,558	303,873	791,706	1,230,072
Interest Expense	13,138	14,635	14,787	15,028	26,891	49,849	71,341
Other Operating Expenses	37,956	30,864	33,379	33,256	38,543	137,581	136,042
Total Expenses	269,398	349,797	354,509	363,842	369,307	979,136	1,437,455
Economic Income	\$ 395,468	\$ 429,681	\$ 407,160	\$ 497,350	\$ 382,701	\$ 1,202,235	\$ 1,716,892
Total Assets Under Management	\$ 101,963,652	\$ 102,070,930	\$ 104,034,287	\$ 111,298,844	\$ 115,340,363	\$ 101,963,652	\$ 115,340,363
Fee-Earning Assets Under Management	\$ 72,030,054	\$ 71,904,741	\$ 73,710,243	\$ 75,081,521	\$ 83,984,824	\$ 72,030,054	\$ 83,984,824
Weighted Average Fee-Earning AUM	\$ 68,688,082	\$ 72,268,792	\$ 73,320,319	\$ 74,340,895	\$ 77,626,395	\$ 67,503,830	\$ 74,421,496
LP Capital Invested	\$ 3,978,386	\$ 2,590,419	\$ 2,371,918	\$ 3,778,790	\$ 10,845,388	\$ 10,969,746	\$ 19,586,515
Total Capital Invested	\$ 4,048,827	\$ 2,651,965	\$ 2,379,922	\$ 3,841,972	\$ 11,008,356	\$ 11,176,257	\$ 19,882,215

Hedge Fund Solutions

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
Revenues							
Management Fees, Net							
Base Management Fees	\$ 131,150	\$ 128,468	\$ 128,698	\$ 129,410	\$ 129,472	\$ 521,736	\$ 516,048
Transaction and Other Fees, Net	407	259	1,696	48	977	1,061	2,980
Management Fee Offsets	-	-	-	(28)	(65)	-	(93)
Total Management Fees, Net	131,557	128,727	130,394	129,430	130,384	522,797	518,935
Performance Fees							
Realized Incentive Fees	35,172	14,684	6,995	14,217	118,447	42,177	154,343
Unrealized Carried Interest	(245)	3,797	143	635	231	504	4,806
Unrealized Incentive Fees	(9,354)	40,311	22,458	29,349	(89,153)	785	2,965
Total Performance Fees	25,573	58,792	29,596	44,201	29,525	43,466	162,114
Investment Income (Loss)							
Realized	(753)	(632)	225	1,316	8,165	(7,224)	9,074
Unrealized	6,177	18,293	11,578	12,723	(1,582)	15,462	41,012
Total Investment Income	5,424	17,661	11,803	14,039	6,583	8,238	50,086
Interest Income and Dividend Revenue	5,196	3,997	4,674	5,316	7,538	13,864	21,525
Other	8,680	(1,610)	(10,720)	(5,859)	(6,191)	8,157	(24,380)
Total Revenues	176,430	207,567	165,747	187,127	167,839	596,522	728,280
Expenses							
Compensation	39,509	47,604	47,361	44,347	37,470	185,320	176,782
Performance Fee Compensation							
Realized Incentive Fees	13,307	7,317	4,362	6,884	34,785	19,397	53,348
Unrealized Carried Interest	(92)	1,209	178	216	183	181	1,786
Unrealized Incentive Fees	(3,550)	14,004	9,242	10,397	(32,532)	292	1,111
Total Compensation and Benefits	49,174	70,134	61,143	61,844	39,906	205,190	233,027
Interest Expense	6,481	6,543	6,688	6,763	11,624	24,524	31,618
Other Operating Expenses	19,039	16,379	16,318	17,958	17,610	75,870	68,265
Total Expenses	74,694	93,056	84,149	86,565	69,140	305,584	332,910
Economic Income	\$ 101,736	\$ 114,511	\$ 81,598	\$ 100,562	\$ 98,699	\$ 290,938	\$ 395,370
Total Assets Under Management	\$ 71,119,718	\$ 73,303,381	\$ 72,476,444	\$ 74,219,563	\$ 75,090,834	\$ 71,119,718	\$ 75,090,834
Fee-Earning Assets Under Management	\$ 66,987,553	\$ 68,812,528	\$ 67,824,464	\$ 69,037,961	\$ 69,914,061	\$ 66,987,553	\$ 69,914,061
Weighted Average Fee-Earning AUM	\$ 67,993,100	\$ 68,406,531	\$ 69,301,130	\$ 68,957,501	\$ 71,101,632	\$ 66,585,721	\$ 69,568,964
LP Capital Invested	\$ 260,482	\$ 121,857	\$ 89,985	\$ 360,748	\$ 328,640	\$ 753,548	\$ 901,230
Total Capital Invested	\$ 260,742	\$ 121,888	\$ 93,191	\$ 363,420	\$ 383,070	\$ 774,443	\$ 961,569

Credit

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
Revenues							
Management Fees, Net							
Base Management Fees	\$ 135,246	\$ 139,905	\$ 137,121	\$ 133,680	\$ 156,628	\$ 525,289	\$ 567,334
Transaction and Other Fees, Net	3,220	2,508	3,820	2,883	4,220	9,190	13,431
Management Fee Offsets	(10,781)	(17,859)	(4,653)	(4,867)	(5,003)	(37,512)	(32,382)
Total Management Fees, Net	127,685	124,554	136,288	131,696	155,845	496,967	548,383
Performance Fees							
Realized Carried Interest	10,223	8,800	15,121	6,269	128,103	26,163	158,293
Realized Incentive Fees	33,221	29,539	28,796	36,393	31,826	100,299	126,554
Unrealized Carried Interest	58,591	48,202	(12,272)	59,092	(40,789)	206,043	54,233
Unrealized Incentive Fees	2,429	992	3,461	(15,844)	(620)	9,417	(12,011)
Total Performance Fees	104,464	87,533	35,106	85,910	118,520	341,922	327,069
Investment Income (Loss)							
Realized	2,976	2,653	1,895	7,346	4,486	11,004	16,380
Unrealized	6,930	7,147	1,666	(4,320)	(3,074)	10,671	1,419
Total Investment Income	9,906	9,800	3,561	3,026	1,412	21,675	17,799
Interest Income and Dividend Revenue	4,972	5,744	6,614	8,062	10,053	18,718	30,473
Other	9,171	(1,727)	(12,660)	(6,831)	(7,366)	9,574	(28,584)
Total Revenues	256,198	225,904	168,909	221,863	278,464	888,856	895,140
Expenses							
Compensation	46,638	55,118	56,954	56,532	67,845	202,576	236,449
Performance Fee Compensation							
Realized Carried Interest	4,989	4,633	7,937	1,803	64,633	12,450	79,006
Realized Incentive Fees	15,091	14,071	14,188	18,052	14,831	46,614	61,142
Unrealized Carried Interest	30,005	21,962	(7,071)	27,727	(23,815)	103,945	18,803
Unrealized Incentive Fees	1,096	626	1,678	(7,486)	(184)	3,970	(5,366)
Total Compensation and Benefits	97,819	96,410	73,686	96,628	123,310	369,555	390,034
Interest Expense	6,480	7,845	8,091	8,154	14,660	24,523	38,750
Other Operating Expenses	27,876	21,458	27,549	23,237	27,318	87,700	99,562
Total Expenses	132,175	125,713	109,326	128,019	165,288	481,778	528,346
Economic Income	\$ 124,023	\$ 100,191	\$ 59,583	\$ 93,844	\$ 113,176	\$ 407,078	\$ 366,794
Total Assets Under Management	\$ 93,280,101	\$ 93,115,549	\$ 94,525,834	\$ 99,477,360	\$ 138,136,470	\$ 93,280,101	\$ 138,136,470
Fee-Earning Assets Under Management	\$ 68,964,608	\$ 71,270,996	\$ 72,370,134	\$ 74,040,881	\$ 111,304,230	\$ 68,964,608	\$ 111,304,230
Weighted Average Fee-Earning AUM	\$ 68,181,217	\$ 70,293,980	\$ 71,150,811	\$ 73,209,820	\$ 93,809,155	\$ 64,793,926	\$ 76,387,411
LP Capital Invested	\$ 1,380,009	\$ 2,261,266	\$ 1,490,880	\$ 2,177,565	\$ 2,875,572	\$ 3,254,849	\$ 8,805,283
Total Capital Invested	\$ 1,416,913	\$ 2,318,201	\$ 1,687,991	\$ 2,440,716	\$ 3,208,762	\$ 3,413,199	\$ 9,655,670

Unitholder Distribution

- ▶ Generated \$1.00 of Distributable Earnings per common unit during the quarter, up 96% from the prior year, bringing the full year amount to \$3.17 per common unit.
- ▶ Declared a quarterly distribution of \$0.85 per common unit to record holders as of February 12, 2018; payable on February 20, 2018.

(Dollars in Thousands, Except per Unit Data)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	% Change		FY'16	FY'17	% Change
						vs. 4Q'16				
Distributable Earnings	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,239,146	94%		\$ 2,121,575	\$ 3,876,215	83%
Add: Other Payables Attributable to Common Unitholders	41,304	6,632	29,808	9,448	52,216	26%		82,318	98,104	19%
DE before Certain Payables	680,298	1,236,770	811,173	635,014	1,291,362	90%		2,203,893	3,974,319	80%
Percent to Common Unitholders	55%	55%	56%	56%	56%			55%	56%	
DE before Certain Payables Attributable to Common Unitholders	373,655	683,473	451,302	353,193	720,124	93%		1,202,108	2,208,092	84%
Less: Other Payables Attributable to Common Unitholders	(41,304)	(6,632)	(29,808)	(9,448)	(52,216)	26%		(82,318)	(98,104)	19%
DE Attributable to Common Unitholders	332,351	676,841	421,494	343,745	667,908	101%		1,119,790	2,109,988	88%
DE per Common Unit	\$ 0.51	\$ 1.02	\$ 0.63	\$ 0.52	\$ 1.00	96%		\$ 1.73	\$ 3.17	83%
Less: Retained Capital per Common Unit	\$ (0.04)	\$ (0.15)	\$ (0.09)	\$ (0.08)	\$ (0.15)	275%		\$ (0.21)	\$ (0.47)	124%
Actual Distribution per Common Unit	\$ 0.47	\$ 0.87	\$ 0.54	\$ 0.44	\$ 0.85	81%		\$ 1.52	\$ 2.70	78%
Record Date					Feb 12, 2018					
Payable Date					Feb 20, 2018					

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 33, Definitions and Distribution Policy. DE before Certain Payables represents Distributable Earnings before the deduction for the Payable Under Tax Receivable Agreement and tax expense (benefit) of wholly owned subsidiaries. Per Unit calculations are based on end of period Total Common Units Outstanding (page 32, Unit Rollforward); actual distributions are paid to unitholders as of the applicable record date. Retained capital is withheld pro-rata from common and Blackstone Holdings Partnership unitholders. Common unitholders' share was \$100 million for 4Q'17 and \$313 million for FY'17.

Total Assets Under Management

4Q'17 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'17	\$ 102,454	\$ 111,299	\$ 74,220	\$ 99,477	\$ 387,450
Inflows	5,028	10,880	4,084	42,236	62,228
Outflows	(565)	(120)	(3,115)	(2,059)	(5,859)
Realizations	(4,405)	(10,195)	(1,619)	(2,432)	(18,651)
Net Inflows (Outflows)	58	565	(650)	37,746	37,718
Market Activity	3,049	3,477	1,521	913	8,960
4Q'17	\$ 105,561	\$ 115,340	\$ 75,091	\$ 138,136	\$ 434,128
QoQ Increase	3%	4%	1%	39%	12%

FY'17 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'16	\$ 100,190	\$ 101,964	\$ 71,120	\$ 93,280	\$ 366,553
Inflows	12,631	23,844	12,106	59,374	107,956
Outflows	(1,230)	(1,400)	(10,662)	(6,165)	(19,457)
Realizations	(15,761)	(24,528)	(2,410)	(12,488)	(55,186)
Net Inflows (Outflows)	(4,360)	(2,083)	(965)	40,721	33,312
Market Activity	9,731	15,460	4,936	4,136	34,262
4Q'17	\$ 105,561	\$ 115,340	\$ 75,091	\$ 138,136	\$ 434,128
YoY Increase	5%	13%	6%	48%	18%

4Q'17 Highlights

Private Equity

- ▶ **Inflows:** Corporate Private Equity (\$1.8 billion); Tactical Opportunities (\$1.1 billion); Strategic Partners (\$1.0 billion); multi-asset product (\$667 million), BCP co-investments (\$400 million).
- ▶ **Realizations:** Corporate Private Equity (\$2.0 billion); Tactical Opportunities (\$1.5 billion); Strategic Partners (\$832 million).
- ▶ **Market Activity:** Carrying value increase of 6.8% within Corporate Private Equity.

Real Estate

- ▶ **Inflows:** Logikor asset management mandate (\$6.0 billion); BPP, including first close for BPP Europe (\$2.4 billion); BREDS (\$946 million); second Asian opportunistic fund close (\$841 million); BREIT (\$463 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$8.9 billion); BREDS (\$917 million); core+ funds (\$331 million).
- ▶ **Market Activity:** Carrying value increases of 5.2% and 3.3% within the opportunistic and core+ funds, respectively.

Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$2.2 billion); individual investor and specialized solutions (\$1.5 billion); commingled products (\$417 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$2.5 billion); commingled products (\$1.3 billion); customized solutions (\$884 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 1.5% gross (1.3% net) during the quarter.

Credit

- ▶ **Inflows:** Blackstone Insurance Solutions (\$22.4 billion); Harvest acquisition (\$11.2 billion); mezzanine funds (\$2.4 billion); distressed strategies (\$2.2 billion); three new CLOs (\$2.1 billion); long only and MLP (\$1.6 billion); BDCs (\$323 million).
- ▶ **Outflows and Realizations:** Long only and MLP (\$1.4 billion); distressed strategies (\$936 million); capital returned to investors for CLOs outside investment periods (\$823 million); mezzanine funds (\$710 million); dividends from BDCs (\$551 million).

Inflows include contributions, capital raised, other increases in available capital, purchases, multi-asset product allocations to other strategies and acquisitions. Outflows represent redemptions, client withdrawals and other decreases in available capital. Realizations represent realizations from the disposition of assets. Market Activity represents gains (losses) on portfolio investments and impact of foreign exchange rate fluctuations. In the Real Estate segment, carrying value for core+ funds excludes BREIT.

Fee-Earning Assets Under Management

4Q'17 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'17	\$ 67,538	\$ 75,082	\$ 69,038	\$ 74,041	\$ 285,698
Inflows	4,349	16,015	3,751	40,396	64,511
Outflows	-	(2,268)	(2,848)	(1,819)	(6,935)
Realizations	(1,884)	(5,443)	(1,479)	(1,611)	(10,418)
Net Inflows (Outflows)	2,465	8,304	(577)	36,966	47,158
Market Activity	138	599	1,453	297	2,488
4Q'17	\$ 70,141	\$ 83,985	\$ 69,914	\$ 111,304	\$ 335,344
QoQ Increase	4%	12%	1%	50%	17%

FY'17 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
4Q'16	\$ 69,110	\$ 72,030	\$ 66,988	\$ 68,965	\$ 277,093
Inflows	8,257	23,556	10,302	55,100	97,216
Outflows	(1,197)	(2,773)	(9,777)	(4,365)	(18,112)
Realizations	(6,558)	(11,852)	(2,182)	(10,396)	(30,989)
Net Inflows (Outflows)	503	8,931	(1,657)	40,339	48,115
Market Activity	528	3,024	4,583	2,001	10,136
4Q'17	\$ 70,141	\$ 83,985	\$ 69,914	\$ 111,304	\$ 335,344
YoY Increase	1%	17%	4%	61%	21%

4Q'17 Highlights

Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$1.7 billion); Corporate Private Equity (\$1.6 billion); Strategic Partners (\$1.1 billion).
- ▶ **Realizations:** Tactical Opportunities (\$641 million); Strategic Partners (\$627 million); Corporate Private Equity (\$616 million).

Real Estate

- ▶ **Inflows:** Logikor asset management mandate (\$5.9 billion); start of second Asia opportunistic fund investment period (\$5.8 billion); BPP (\$1.9 billion); BREDS (\$1.9 billion); BREIT (\$463 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$3.6 billion); BREDS (\$1.5 billion); core+ funds (\$300 million).
- ▶ **Outflows:** Investment period ended for BREP Asia I (\$2.1 billion).

Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$2.1 billion); individual investor and specialized solutions (\$1.2 billion); commingled products (\$405 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$2.4 billion); commingled products (\$1.2 billion); customized solutions (\$765 million).

Credit

- ▶ **Inflows:** Blackstone Insurance Solutions (\$22.4 billion); Harvest acquisition (\$11.2 billion); mezzanine funds (\$2.7 billion); three new CLOs (\$2.1 billion); long only and MLP (\$1.4 billion); distressed strategies (\$361 million); BDCs (\$323 million).
- ▶ **Outflows and Realizations:** Long only and MLP (\$1.3 billion); distressed strategies (\$634 million); dividends from BDCs (\$551 million); mezzanine funds (\$495 million); capital returned to investors for CLOs outside investment periods (\$373 million).

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

Net Accrued Performance Fees

	Net Accrued Performance Fees			
	3Q'17	4Q'17	4Q'17 Per Unit	QoQ Change
(Dollars in Millions, Except per Unit Data)				
Private Equity				
BCP IV Carried Interest	\$ 96	\$ 87	\$ 0.07	\$ (9)
BCP V Carried Interest	75	73	0.06	(2)
BCP VI Carried Interest	618	668	0.56	50
BCP VII Carried Interest	-	16	0.01	16
BEP I Carried Interest	77	95	0.08	18
BEP II Carried Interest	14	5	-	(9)
Tactical Opportunities Carried Interest	119	104	0.09	(15)
Strategic Partners Carried Interest	56	66	0.06	10
BTAS Carried Interest	15	13	0.01	(2)
Other Carried Interest	2	3	-	1
Total Private Equity	\$ 1,072	\$ 1,130	\$ 0.94	\$ 58
Real Estate				
BREP IV Carried Interest	8	9	0.01	1
BREP V Carried Interest	241	203	0.17	(38)
BREP VI Carried Interest	247	190	0.16	(57)
BREP VII Carried Interest	611	587	0.49	(24)
BREP VIII Carried Interest	236	255	0.21	19
BREP Europe III Carried Interest	182	67	0.06	(115)
BREP Europe IV Carried Interest	396	207	0.17	(189)
BREP Europe V Carried Interest	9	25	0.02	16
BREP Asia Carried Interest	84	102	0.09	18
BPP Carried Interest	86	100	0.08	14
BPP Incentive Fees	56	34	0.03	(22)
BREIT Incentive Fees	6	10	0.01	4
BREDS Carried Interest	20	22	0.02	2
BREDS Incentive Fees	12	13	0.01	1
Asia Platform Incentive Fees	9	6	0.01	(3)
BTAS Carried Interest	19	16	0.01	(3)
Total Real Estate	\$ 2,222	\$ 1,846	\$ 1.55	\$ (376)
Hedge Fund Solutions				
Carried Interest	5	5	-	-
Incentive Fees	69	84	0.07	15
Total Hedge Fund Solutions	\$ 74	\$ 89	\$ 0.07	\$ 15
Credit				
Carried Interest	224	268	0.22	44
Incentive Fees	18	21	0.02	3
Total Credit	\$ 242	\$ 289	\$ 0.24	\$ 47
Total Blackstone				
Carried Interest	3,440	3,186	2.66	(254)
Incentive Fees	170	168	0.14	(2)
Net Accrued Performance Fees	\$ 3,610	\$ 3,354	\$ 2.80	\$ (256)
<i>Memo: Net Realized Performance Fees</i>	\$ 129	\$ 222	\$ 0.19	\$ 93

\$3.4 billion
Net Accrued Performance Fees at 4Q'17

\$2.80 per unit
Net Accrued Performance Fees at 4Q'17

\$585 million
Increase to Receivable from Net Performance
Fee Income in 4Q'17

\$841 million
Decrease to Receivable from Net Realized
Distributions in 4Q'17

Net Accrued Performance Fees are presented net of performance fee compensation and do not include clawback amounts, if any, which are disclosed in the 10-K/Q. Net Realized Performance Fees are included in DE. Net Realized Performance Fees represents Performance Fees realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Fee balance. When these fees are received, the receivable is reduced without further impacting DE. Per Unit calculations are based on end of period DE Units Outstanding (see page 32, Unit Rollforward).

Investment Records as of December 31, 2017^(a)

(Dollars in Thousands, Except Where Noted)

Fund (Investment Period Beginning Date / Ending Date)

	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
Private Equity												
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%	
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,819	2.5x	3,256,819	2.5x	32%	32%	
BCP III (Aug 1997 / Nov 2002)	3,967,422	-	-	n/a	-	9,184,688	2.3x	9,184,688	2.3x	14%	14%	
BCOM (Jun 2000 / Jun 2006)	2,137,330	24,575	19,313	1.5x	-	2,953,649	1.4x	2,972,962	1.4x	7%	6%	
BCP IV (Nov 2002 / Dec 2005)	6,773,182	209,846	756,129	0.8x	48%	20,677,725	3.2x	21,433,854	2.8x	42%	36%	
BCP V (Dec 2005 / Jan 2011)	21,024,739	1,055,337	2,413,319	1.1x	43%	35,757,252	2.0x	38,170,571	1.9x	9%	8%	
BCP VI (Jan 2011 / May 2016)	15,199,202	1,857,593	15,493,831	1.6x	20%	8,470,999	2.0x	23,964,830	1.7x	23%	13%	
BEP I (Aug 2011 / Feb 2015)	2,437,639	157,170	2,558,266	1.5x	31%	1,323,850	2.0x	3,882,116	1.6x	32%	13%	
BEP II (Feb 2015 / Feb 2021)	4,882,737	1,926,610	2,487,414	1.2x	-	47,388	2.1x	2,534,802	1.2x	n/m	10%	
BCP VII (May 2016 / May 2022)	18,507,997	13,697,870	4,147,133	1.2x	-	267,852	1.1x	4,414,985	1.2x	n/m	9%	
BCP Asia (Dec 2017 / Dec 2023)	1,576,564	1,423,640	-	n/a	-	-	n/a	-	n/a	n/a	n/a	
Total Corporate Private Equity	\$ 78,726,993	\$ 20,352,641	\$ 27,875,405	1.4x	19%	\$ 83,681,960	2.2x	\$ 111,557,365	1.9x	17%	15%	
Tactical Opportunities	16,565,845	6,853,971	9,534,468	1.2x	8%	4,458,750	1.7x	13,993,218	1.3x	25%	11%	
Tactical Opportunities Co-Investment and Other	4,822,889	2,379,805	3,452,342	1.1x	-	885,924	1.7x	4,338,266	1.2x	n/a	13%	
Strategic Partners I-V and Co-Investment (e)	11,862,658	1,718,537	2,300,197	n/m	-	15,147,965	n/m	17,448,162	1.5x	n/a	13%	
Strategic Partners VI LBO, RE and SMA (e)	7,402,171	2,571,351	3,170,940	n/m	-	2,320,522	n/m	5,491,462	1.4x	n/a	20%	
Strategic Partners VII (e)	7,489,970	3,780,343	3,103,959	n/m	-	237,950	n/m	3,341,909	1.2x	n/a	73%	
Strategic Partners RA II (e)	1,491,009	1,167,065	221,364	n/m	-	5,582	n/m	226,946	1.0x	n/a	n/m	
BCEP (Jan 2017 / Jan 2021) (f)	4,755,133	3,377,340	1,374,222	1.0x	-	-	n/a	1,374,222	1.0x	n/m	n/m	
Other Funds and Co-Investment (g)	1,096,679	513	42,895	0.8x	36%	637,938	0.9x	680,833	0.9x	n/a	n/a	
Real Estate												
Pre-BREP	\$ 140,714	\$ -	\$ -	n/a	-	\$ 345,190	2.5x	\$ 345,190	2.5x	33%	33%	
BREP I (Sep 1994 / Oct 1996)	380,708	-	-	n/a	-	1,327,708	2.8x	1,327,708	2.8x	40%	40%	
BREP II (Oct 1996 / Mar 1999)	1,198,339	-	-	n/a	-	2,531,614	2.1x	2,531,614	2.1x	19%	19%	
BREP III (Apr 1999 / Apr 2003)	1,522,708	-	-	n/a	-	3,330,406	2.4x	3,330,406	2.4x	21%	21%	
BREP IV (Apr 2003 / Dec 2005)	2,198,694	-	353,666	0.4x	38%	4,193,163	2.2x	4,546,829	1.7x	35%	12%	
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	1,753,688	2.0x	29%	11,558,245	2.4x	13,311,933	2.3x	13%	11%	
BREP VI (Feb 2007 / Aug 2011)	11,060,444	556,763	2,073,204	2.0x	23%	25,369,422	2.6x	27,442,626	2.5x	14%	13%	
BREP VII (Aug 2011 / Apr 2015)	13,495,014	2,063,092	12,489,255	1.6x	21%	15,571,767	2.1x	28,061,022	1.9x	30%	18%	
BREP VIII (Apr 2015 / Oct 2020)	16,435,028	9,361,391	9,519,459	1.3x	1%	3,320,192	1.5x	12,839,651	1.4x	34%	18%	
Total Global BREP	\$ 51,971,067	\$ 11,981,246	\$ 26,189,272	1.5x	15%	\$ 67,547,707	2.3x	\$ 93,736,979	2.0x	20%	16%	
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ -	n/a	-	€ 1,369,016	2.1x	€ 1,369,016	2.1x	23%	23%	
BREP Int'l II (Sep 2005 / Jun 2008) (h)	1,629,748	-	196,692	0.7x	22%	2,215,612	2.0x	2,412,304	1.7x	10%	8%	
BREP Europe III (Jun 2008 / Sep 2013)	3,205,167	459,102	1,412,710	1.5x	-	4,929,306	2.5x	6,342,016	2.2x	22%	16%	
BREP Europe IV (Sep 2013 / Dec 2016)	6,707,671	1,444,315	5,083,569	1.5x	6%	5,483,833	2.0x	10,567,402	1.7x	28%	18%	
BREP Europe V (Dec 2016 / Jun 2022)	7,809,546	5,455,395	2,446,991	1.2x	-	-	n/a	2,446,991	1.2x	n/a	21%	
Total Euro BREP	€ 20,176,304	€ 7,358,812	€ 9,139,962	1.3x	4%	€ 13,997,767	2.1x	€ 23,137,729	1.7x	18%	14%	
BREP Asia (Jun 2013 / Dec 2017)	\$ 5,094,145	\$ 2,039,069	\$ 4,058,820	1.4x	-	\$ 2,354,105	1.8x	\$ 6,412,925	1.5x	24%	17%	
BREP Asia II (Dec 2017 / Jun 2023)	5,872,995	5,872,995	-	n/a	-	-	n/a	-	n/a	n/a	n/a	
BREP Co-Investment (i)	6,872,697	146,573	2,524,738	1.8x	58%	11,289,288	2.1x	13,814,026	2.1x	16%	16%	
Total BREP	\$ 94,515,478	\$ 28,874,136	\$ 43,680,859	1.5x	13%	\$ 99,227,773	2.2x	\$ 142,908,632	1.9x	19%	16%	
BPP (j)	\$ 22,714,906	\$ 3,385,428	\$ 22,077,318	1.1x	-	\$ 1,687,447	3.1x	\$ 23,764,765	1.2x	n/m	12%	
BREDS (k)	\$ 13,256,252	\$ 5,918,948	\$ 2,877,439	1.1x	-	\$ 8,470,740	1.3x	\$ 11,348,179	1.3x	12%	11%	

Continued...

Realized and Unrealized Investments amounts were adjusted in 4Q'17 to account for a change in methodology regarding the treatment of current income, which now recognizes all proceeds as Realized Value.

Investment Records as of December 31, 2017^(a) – Continued

(Dollars in Thousands, Except Where Noted)

Fund (Investment Period Beginning Date / Ending Date)	Committed		Available		Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)				
	Capital	Capital (b)	Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total					
Hedge Fund Solutions																
BSCH (Dec 2013 / Jun 2020) (l)	\$	3,298,575	\$	2,598,501	\$	816,577	1.0x	-	\$	195,909	n/a	\$	1,012,486	1.3x	n/a	6%
BSCH Co-Investment		276,000		193,020		109,490	1.0x	-		19,626	n/a		129,116	1.2x	n/a	16%
Total Hedge Fund Solutions	\$	3,574,575	\$	2,791,521	\$	926,067	1.0x	-	\$	215,535	n/a	\$	1,141,602	1.3x	n/a	6%
Credit (m)																
Mezzanine I (Jul 2007 / Oct 2011)	\$	2,000,000	\$	97,114	\$	57,318	1.0x	-	\$	4,767,097	1.6x	\$	4,824,415	1.6x	n/a	17%
Mezzanine II (Nov 2011 / Nov 2016)		4,120,000		1,154,965		2,642,627	1.1x	-		3,735,972	1.5x		6,378,599	1.3x	n/a	13%
Mezzanine III (Sep 2016 / Sep 2021)		6,639,133		4,417,141		2,256,846	1.1x	-		482,139	1.4x		2,738,985	1.1x	n/a	14%
Stressed / Distressed Investing I (Sep 2009 / May 2013)		3,253,143		275,357		372,255	0.6x	-		5,541,335	1.5x		5,913,590	1.4x	n/a	11%
Stressed / Distressed Investing II (Jun 2013 / Jun 2018)		5,125,000		880,783		3,517,251	1.1x	-		2,045,005	1.5x		5,562,256	1.2x	n/a	14%
Stressed / Distressed Investing III (Dec 2017/ Dec 2022)		6,652,790		6,465,005		29,292	0.9x	-		-	n/a		29,292	0.9x	n/a	n/a
Energy Select Opportunities (Nov 2015 / Nov 2018)		2,856,867		1,308,588		1,640,289	1.1x	-		268,018	1.7x		1,908,307	1.2x	n/a	21%
Euro																
European Senior Debt Fund (Feb 2015 / Feb 2018)	€	1,964,689	€	1,882,793	€	1,654,112	1.0x	-	€	507,929	1.5x	€	2,162,041	1.1x	n/a	10%
Total Credit	\$	32,913,343	\$	16,859,811	\$	12,502,136	1.1x	-	\$	17,413,704	1.6x	\$	29,915,840	1.3x	n/a	14%

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

n/m Not meaningful.

n/a Not applicable.

(a) Preliminary.

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

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

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to December 31, 2017 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

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

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

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

(h) The 10% Realized Net IRR and 8% Total Net IRR exclude investors that opted out of the Hilton investment opportunity. Overall BREP International II performance reflects a 8% Realized Net IRR and a 6% Total Net IRR. Previous quarters’ Investment Records reflected the overall BREP International II performance.

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

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

(k) Excludes Capital Trust drawdown funds.

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

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

Reconciliation of GAAP to Non-GAAP Measures – Quarters

(Dollars in Thousands)	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17 ^(o)	2Q'17	3Q'17	4Q'17
Net Income Attributable to The Blackstone Group L.P.	\$ 159,753	\$ 198,626	\$ 312,905	\$ 367,951	\$ 461,825	\$ 342,775	\$ 384,642	\$ 281,588
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	131,202	201,805	285,267	342,010	417,258	287,979	345,650	340,992
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	40,086	64,729	82,653	58,684	138,685	112,944	113,446	132,364
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(6,401)	(2,049)	10,764	1,663	2,000	991	3,215	7,600
Net Income	\$ 324,640	\$ 463,111	\$ 691,589	\$ 770,308	\$ 1,019,768	\$ 744,689	\$ 846,953	\$ 762,544
Provision for Taxes	9,146	47,415	27,714	48,087	57,437	29,608	59,512	596,590
Income Before Provision for Taxes	\$ 333,786	\$ 510,526	\$ 719,303	\$ 818,395	\$ 1,077,205	\$ 774,297	\$ 906,465	\$ 1,359,134
Transaction-Related Charges ^(a)	64,136	69,956	60,029	70,816	56,979	57,831	55,714	(347,055)
Amortization of Intangibles ^(b)	23,208	23,208	22,054	15,996	11,344	11,344	11,344	14,265
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(33,685)	(62,680)	(93,417)	(60,347)	(140,685)	(113,935)	(116,661)	(139,964)
Economic Income	\$ 387,445	\$ 541,010	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 856,862	\$ 886,380
(Taxes) ^(d)	(16,794)	(21,234)	(20,985)	(33,250)	(18,805)	(24,168)	(22,552)	(36,006)
Economic Net Income	\$ 370,651	\$ 519,776	\$ 686,984	\$ 811,610	\$ 986,038	\$ 705,369	\$ 834,310	\$ 850,374
Taxes ^(d)	16,794	21,234	20,985	33,250	18,805	24,168	22,552	36,006
Performance Fee Adjustment ^(e)	(314,065)	(449,372)	(672,646)	(741,903)	(1,063,728)	(757,006)	(894,632)	(992,758)
Investment (Income) Adjustment ^(f)	26,650	(59,771)	(87,887)	(99,282)	(103,959)	(67,720)	(77,572)	(55,737)
Other Revenue ^(g)	6,248	(8,546)	425	(52,839)	8,287	62,469	34,144	35,151
Net Interest Loss ^(h)	13,351	13,546	14,184	10,542	10,954	6,591	2,864	29,509
Performance Fee Compensation and Benefits Adjustment ⁽ⁱ⁾	106,075	180,723	267,415	313,809	407,695	311,870	360,901	407,864
Equity-Based Compensation - Non-Incentive Fee Related ^(j)	20,963	16,852	16,624	19,308	26,650	25,442	24,141	17,177
Fee Related Earnings	\$ 246,667	\$ 234,442	\$ 246,084	\$ 294,495	\$ 290,742	\$ 311,183	\$ 306,708	\$ 327,586
Net Realized Performance Fees ^(k)	187,794	251,935	352,008	327,053	772,780	429,177	293,339	948,412
Realized Investment Income ^(l)	(10,101)	53,670	60,634	95,666	202,894	100,887	60,188	72,225
Net Interest (Loss) ^(h)	(13,351)	(13,546)	(14,184)	(10,542)	(10,954)	(6,591)	(2,864)	(29,509)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	(16,794)	(31,588)	(51,089)	(67,678)	(25,324)	(53,291)	(31,805)	(79,568)
Distributable Earnings	\$ 394,215	\$ 494,913	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,239,146
Interest Expense ⁽ⁿ⁾	36,497	36,020	36,419	39,086	39,450	40,294	40,749	72,345
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	16,794	31,588	51,089	67,678	25,324	53,291	31,805	79,568
Depreciation and Amortization	6,292	6,331	7,338	12,010	6,216	6,392	6,027	6,593
Adjusted EBITDA	\$ 453,798	\$ 568,852	\$ 688,299	\$ 757,768	\$ 1,301,128	\$ 881,342	\$ 704,147	\$ 1,397,652

Reconciliation of GAAP to Non-GAAP Measures – Years

(Dollars in Thousands)	2013	2014	2015	2016	2017 ^(o)
Net Income Attributable to The Blackstone Group L.P.	\$ 1,171,202	\$ 1,584,589	\$ 709,789	\$ 1,039,235	\$ 1,470,830
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,339,845	1,701,100	683,516	960,284	1,391,879
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	198,557	335,070	219,900	246,152	497,439
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	183,315	74,794	11,145	3,977	13,806
Net Income	\$ 2,892,919	\$ 3,695,553	\$ 1,624,350	\$ 2,249,648	\$ 3,373,954
Provision for Taxes	255,642	291,173	190,398	132,362	743,147
Income Before Provision for Taxes	\$ 3,148,561	\$ 3,986,726	\$ 1,814,748	\$ 2,382,010	\$ 4,117,101
Transaction-Related Charges ^(a)	722,707	856,382	489,563	264,937	(176,531)
Amortization of Intangibles ^(b)	106,643	111,254	104,530	84,466	48,297
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(381,872)	(409,864)	(231,045)	(250,129)	(511,245)
Economic Income	\$ 3,596,039	\$ 4,544,498	\$ 2,177,796	\$ 2,481,284	\$ 3,477,622
(Taxes) ^(d)	(82,164)	(199,512)	(27,527)	(92,263)	(101,531)
Economic Net Income	\$ 3,513,875	\$ 4,344,986	\$ 2,150,269	\$ 2,389,021	\$ 3,376,091
Taxes ^(d)	82,164	199,512	27,527	92,263	101,531
Performance Fee Adjustment ^(e)	(3,556,373)	(4,391,877)	(1,798,077)	(2,177,986)	(3,708,124)
Investment (Income) Adjustment ^(f)	(687,805)	(471,628)	(52,849)	(220,290)	(304,988)
Other Revenue ^(g)	(10,308)	(9,405)	(8,500)	(54,712)	140,051
Net Interest Loss ^(h)	32,968	36,511	44,181	51,623	49,918
Performance Fee Compensation and Benefits Adjustment ⁽ⁱ⁾	1,413,182	1,285,503	564,560	868,022	1,488,330
Equity-Based Compensation - Non-Incentive Fee Related ^(j)	130,124	45,133	96,901	73,747	93,410
Fee Related Earnings	\$ 917,827	\$ 1,038,735	\$ 1,024,012	\$ 1,021,688	\$ 1,236,219
Net Realized Performance Fees ^(k)	960,175	1,789,692	2,527,019	1,118,790	2,443,708
Realized Investment Income ^(l)	170,471	543,425	418,808	199,869	436,194
Net Interest (Loss) ^(h)	(32,968)	(36,511)	(44,181)	(51,623)	(49,918)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	(156,734)	(280,788)	(90,470)	(167,149)	(189,988)
Distributable Earnings	\$ 1,858,771	\$ 3,054,553	\$ 3,835,188	\$ 2,121,575	\$ 3,876,215
Interest Expense ⁽ⁿ⁾	103,904	112,563	139,842	148,022	192,838
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	156,734	280,788	90,470	167,149	189,988
Depreciation and Amortization	35,441	32,300	27,213	31,971	25,228
Adjusted EBITDA	\$ 2,154,850	\$ 3,480,204	\$ 4,092,713	\$ 2,468,717	\$ 4,284,269

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See page 33, Definitions and Distribution Policy.

- (a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone's initial public offering and certain long-term retention programs outside of annual deferred compensation, adjustments to the Tax Receivable Agreement liability and other corporate actions.
- (b) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone's initial public offering and other corporate actions.
- (c) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests of Consolidated Entities.
- (d) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and adjusted to exclude the tax impact on any divestitures.
- (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 removes from EI the total segment amount of Other Revenue.
- (h) This adjustment represents Interest Income and Dividend Revenue less Interest Expense.
- (i) This adjustment removes from expenses the compensation and benefit amounts related to Blackstone's profit sharing plans related to Performance Fees, including Incentive Fee Related equity-based award expense.
- (j) Represents Non-Incentive Fee Related equity-based award expense and excludes all transaction-related equity-based charges.
- (k) Represents the adjustment for realized Performance Fees net of corresponding actual amounts due under Blackstone's profit sharing plans related thereto. Equals the sum of Net Realized Incentive Fees and Net Realized Carried Interest.
- (l) Represents the adjustment for Blackstone's Realized Investment Income (Loss).
- (m) Taxes and Related Payables Including Payable Under Tax Receivable Agreement represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and to exclude the tax impact on any divestitures and the Payable Under Tax Receivable Agreement.
- (n) Represents Total Segment Interest Expense.
- (o) Effective January 1, 2017, Fee Related Earnings, a Total Segment measure, has been redefined to exclude all Equity-Based Compensation and Other Revenue. Distributable Earnings, a Total Segment measure, has been redefined to exclude Other Revenue. All prior periods have been recast to reflect this definition.

Reconciliation of GAAP to Total Segment Measures

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
Management and Advisory Fees, Net							
GAAP	\$ 630,092	\$ 642,142	\$ 686,586	\$ 680,641	\$ 719,687	\$ 2,442,975	\$ 2,729,056
Elimination Adjustment ^(a)	5,800	7,439	10,250	11,341	12,705	20,018	41,735
Total Segment	\$ 635,892	\$ 649,581	\$ 696,836	\$ 691,982	\$ 732,392	\$ 2,462,993	\$ 2,770,791
Performance Fees							
GAAP	\$ 741,563	\$ 1,063,142	\$ 756,397	\$ 893,844	\$ 991,773	\$ 2,176,331	\$ 3,705,156
Elimination Adjustment ^(a)	340	586	609	788	985	1,655	2,968
Total Segment	\$ 741,903	\$ 1,063,728	\$ 757,006	\$ 894,632	\$ 992,758	\$ 2,177,986	\$ 3,708,124
Investment Income							
GAAP	\$ 116,317	\$ 211,156	\$ 132,333	\$ 170,890	\$ 163,995	\$ 356,051	\$ 678,374
Consolidation and Elimination Adjustment ^(b)	(17,035)	(107,197)	(64,613)	(93,318)	(108,258)	(135,761)	(373,386)
Total Segment	\$ 99,282	\$ 103,959	\$ 67,720	\$ 77,572	\$ 55,737	\$ 220,290	\$ 304,988
Interest, Dividend and Other Revenue							
GAAP							
Interest and Dividend Revenue	28,544	28,495	33,703	36,974	40,524	95,724	139,696
Other	52,853	(4,212)	(59,664)	(35,572)	(33,781)	54,753	(133,229)
GAAP	\$ 81,397	\$ 24,283	\$ (25,961)	\$ 1,402	\$ 6,743	\$ 150,477	\$ 6,467
Consolidation and Elimination Adjustment ^{(a)(c)}	(14)	(4,074)	(2,805)	2,339	942	634	(3,598)
Total Segment	\$ 81,383	\$ 20,209	\$ (28,766)	\$ 3,741	\$ 7,685	\$ 151,111	\$ 2,869
Total Revenues							
GAAP	\$ 1,569,369	\$ 1,940,723	\$ 1,549,355	\$ 1,746,777	\$ 1,882,198	\$ 5,125,834	\$ 7,119,053
Consolidation and Elimination Adjustment ^(d)	(10,909)	(103,246)	(56,559)	(78,850)	(93,626)	(113,454)	(332,281)
Total Segment	\$ 1,558,460	\$ 1,837,477	\$ 1,492,796	\$ 1,667,927	\$ 1,788,572	\$ 5,012,380	\$ 6,786,772
Compensation							
GAAP	\$ 304,347	\$ 351,589	\$ 367,203	\$ 359,209	\$ 364,484	\$ 1,335,408	\$ 1,442,485
Consolidation Adjustment ^(e)	(63,284)	(62,562)	(61,946)	(56,411)	(58,450)	(252,192)	(239,369)
Total Segment	\$ 241,063	\$ 289,027	\$ 305,257	\$ 302,798	\$ 306,034	\$ 1,083,216	\$ 1,203,116
Interest Expense							
GAAP	\$ 41,142	\$ 40,246	\$ 41,089	\$ 41,545	\$ 74,606	\$ 152,654	\$ 197,486
Consolidation and Elimination Adjustment ^(c)	(2,056)	(796)	(795)	(796)	(2,261)	(4,632)	(4,648)
Total Segment	\$ 39,086	\$ 39,450	\$ 40,294	\$ 40,749	\$ 72,345	\$ 148,022	\$ 192,838

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17	FY'16	FY'17
General, Administrative and Other							
GAAP	\$ 141,954	\$ 106,044	\$ 115,281	\$ 115,755	\$ 129,236	\$ 520,309	\$ 466,316
Consolidation and Elimination Adjustment ^(f)	(22,312)	(9,582)	(9,443)	(9,138)	(13,287)	(88,473)	(41,450)
Total Segment	\$ 119,642	\$ 96,462	\$ 105,838	\$ 106,617	\$ 115,949	\$ 431,836	\$ 424,866
Total Expenses							
GAAP	\$ 824,484	\$ 929,650	\$ 885,112	\$ 903,760	\$ 1,008,882	\$ 2,928,574	\$ 3,727,404
Less: GAAP Fund Expenses ^(g)	(23,232)	(24,076)	(49,669)	(26,350)	(32,692)	(52,181)	(132,787)
Consolidation and Elimination Adjustment ^(d)	(87,652)	(72,940)	(72,184)	(66,345)	(73,998)	(345,297)	(285,467)
Total Segment	\$ 713,600	\$ 832,634	\$ 763,259	\$ 811,065	\$ 902,192	\$ 2,531,096	\$ 3,309,150
GAAP Income Before Provision for Taxes to Total Segment Economic Income							
GAAP							
Revenues Less Expenses	744,885	1,011,073	664,243	843,017	873,316	2,197,260	3,391,649
Other Income ^(h)	73,510	66,132	110,054	63,448	485,818	184,750	725,452
Income Before Provision for Taxes	818,395	1,077,205	774,297	906,465	1,359,134	2,382,010	4,117,101
Consolidation and Elimination Adjustment ⁽ⁱ⁾	26,465	(72,362)	(44,760)	(49,603)	(472,754)	99,274	(639,479)
Total Segment	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 856,862	\$ 886,380	\$ 2,481,284	\$ 3,477,622

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

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

Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	4Q'17		FY'17	
	Results	Per Unit	Results	Per Unit
▶ Management and Advisory Fees, Net	\$ 732,392		\$ 2,770,791	
▶ Fee Related Compensation	(288,857)		(1,109,706)	
▶ Other Operating Expenses	(115,949)		(424,866)	
Fee Related Earnings	\$ 327,586	\$ 0.27	\$ 1,236,219	\$ 1.03
▶ Net Realized Incentive Fees	122,450		230,316	
▶ Net Realized Carried Interest	825,962		2,213,392	
▶ Realized Investment Income	72,225		436,194	
▶ Net Interest (Loss)	(29,509)		(49,918)	
▶ Taxes and Related Payables	(79,568)		(189,988)	
Distributable Earnings	\$ 1,239,146	\$ 1.00	\$ 3,876,215	\$ 3.17
▶ Net Unrealized Incentive Fees	(67,617)		(4,191)	
▶ Net Unrealized Carried Interest	(291,682)		(206,023)	
▶ Unrealized Investment (Loss)	(16,488)		(131,206)	
▶ Other Revenue	(35,151)		(140,051)	
▶ Add Back: Related Payables	43,562		88,457	
▶ Less: Equity-Based Compensation	(21,396)		(107,110)	
Economic Net Income	\$ 850,374	\$ 0.71	\$ 3,376,091	\$ 2.81

Fee Earnings

Distributable Earnings

Economic Net Income

See pages 30 and 31, Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metrics for the calculation of the amounts presented herein that are not the respective captions on page 13, Total Segments. 4Q'17 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 4Q'17 DE per Unit is based on DE attributable to Common Unitholders (see page 18, Unitholder Distribution) and end of period Total Common Units Outstanding; and 4Q'17 ENI per Unit is based on Weighted-Average ENI Adjusted Units. FY'17 per Unit represents the sum of the last four quarters. See page 32, Unit Rollforward.

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

(Dollars in Thousands)	1Q'16	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17
Compensation	\$ (287,403)	\$ (286,155)	\$ (268,595)	\$ (241,063)	\$ (289,027)	\$ (305,257)	\$ (302,798)	\$ (306,034)
Less: Equity-Based Compensation - Non-Incentive Fee Related	20,963	16,852	16,624	19,308	26,650	25,442	24,141	17,177
Fee Related Compensation	\$ (266,440)	\$ (269,303)	\$ (251,971)	\$ (221,755)	\$ (262,377)	\$ (279,815)	\$ (278,657)	\$ (288,857)
Realized Incentive Fees	28,450	29,363	30,295	83,993	47,137	41,106	101,198	187,858
Less: Realized Incentive Fee Compensation	(14,123)	(15,251)	(15,436)	(33,286)	(22,752)	(21,481)	(46,823)	(69,627)
Plus: Equity-Based Compensation - Incentive Fee Related	1,061	1,670	1,554	1,539	3,264	2,548	3,669	4,219
Net Realized Incentive Fees	\$ 15,388	\$ 15,782	\$ 16,413	\$ 52,246	\$ 27,649	\$ 22,173	\$ 58,044	\$ 122,450
Realized Carried Interest	230,909	323,734	504,022	416,250	1,111,322	602,293	369,309	1,357,029
Less: Realized Carried Interest Compensation	(58,503)	(87,581)	(168,427)	(141,443)	(366,191)	(195,289)	(134,014)	(531,067)
Net Realized Carried Interest	\$ 172,406	\$ 236,153	\$ 335,595	\$ 274,807	\$ 745,131	\$ 407,004	\$ 235,295	\$ 825,962
Interest Income and Dividend Revenue	23,146	22,474	22,235	28,544	28,496	33,703	37,885	42,836
Less: Interest Expense	(36,497)	(36,020)	(36,419)	(39,086)	(39,450)	(40,294)	(40,749)	(72,345)
Net Interest (Loss)	\$ (13,351)	\$ (13,546)	\$ (14,184)	\$ (10,542)	\$ (10,954)	\$ (6,591)	\$ (2,864)	\$ (29,509)
Taxes and Related Payables^(a)	\$ (16,794)	\$ (31,588)	\$ (51,089)	\$ (67,678)	\$ (25,324)	\$ (53,291)	\$ (31,805)	\$ (79,568)
Unrealized Incentive Fees	7,100	8,007	32,172	2,450	60,016	48,527	(8,472)	(108,548)
Less: Unrealized Incentive Fee Compensation	(3,448)	(2,689)	(13,508)	(1,489)	(23,139)	(20,600)	7,094	40,931
Net Unrealized Incentive Fees	\$ 3,652	\$ 5,318	\$ 18,664	\$ 961	\$ 36,877	\$ 27,927	\$ (1,378)	\$ (67,617)
Unrealized Carried Interest	47,606	88,268	106,157	239,210	(154,747)	65,080	432,597	(443,581)
Less: Unrealized Carried Interest Compensation	(30,001)	(75,202)	(70,044)	(137,591)	4,387	(74,500)	(187,158)	151,899
Net Unrealized Carried Interest	\$ 17,605	\$ 13,066	\$ 36,113	\$ 101,619	\$ (150,360)	\$ (9,420)	\$ 245,439	\$ (291,682)
Related Payables^(b)	\$ -	\$ 10,354	\$ 30,104	\$ 34,428	\$ 6,519	\$ 29,123	\$ 9,253	\$ 43,562
Equity-Based Compensation - Non-Incentive Fee Related	20,963	16,852	16,624	19,308	26,650	25,442	24,141	17,177
Plus: Equity-Based Compensation - Incentive Fee Related	1,061	1,670	1,554	1,539	3,264	2,548	3,669	4,219
Equity-Based Compensation^(c)	\$ 22,024	\$ 18,522	\$ 18,178	\$ 20,847	\$ 29,914	\$ 27,990	\$ 27,810	\$ 21,396

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

(a) See page 24, Reconciliation of GAAP to Non-GAAP Measures – Quarters for this adjustment.

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

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

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

(Dollars in Thousands)	2013	2014	2015	2016	2017
Compensation	\$ (1,115,640)	\$ (1,153,511)	\$ (1,189,219)	\$ (1,083,216)	\$ (1,203,116)
Less: Equity-Based Compensation - Non-Incentive Fee Related	130,124	45,133	96,901	73,747	93,410
Fee Related Compensation	\$ (985,516)	\$ (1,108,378)	\$ (1,092,318)	\$ (1,009,469)	\$ (1,109,706)
Realized Incentive Fees	474,333	261,745	194,746	172,101	377,299
Less: Realized Incentive Fee Compensation	(200,915)	(110,099)	(85,946)	(78,096)	(160,683)
Plus: Equity-Based Compensation - Incentive Fee Related	-	3,093	6,143	5,824	13,700
Net Realized Incentive Fees	\$ 273,418	\$ 154,739	\$ 114,943	\$ 99,829	\$ 230,316
Realized Carried Interest	943,958	2,450,596	3,205,876	1,474,915	3,439,953
Less: Realized Carried Interest Compensation	(257,201)	(815,643)	(793,800)	(455,954)	(1,226,561)
Net Realized Carried Interest	\$ 686,757	\$ 1,634,953	\$ 2,412,076	\$ 1,018,961	\$ 2,213,392
Interest Income and Dividend Revenue	70,936	76,052	95,661	96,399	142,920
Less: Interest Expense	(103,904)	(112,563)	(139,842)	(148,022)	(192,838)
Net Interest (Loss)	\$ (32,968)	\$ (36,511)	\$ (44,181)	\$ (51,623)	\$ (49,918)
Taxes and Related Payables^(a)	\$ (156,734)	\$ (280,788)	\$ (90,470)	\$ (167,149)	\$ (189,988)
Unrealized Incentive Fees	(19,928)	(29,425)	(7,249)	49,729	(8,477)
Less: Unrealized Incentive Fee Compensation	11,651	19,276	2,490	(21,134)	4,286
Net Unrealized Incentive Fees	\$ (8,277)	\$ (10,149)	\$ (4,759)	\$ 28,595	\$ (4,191)
Unrealized Carried Interest	2,158,010	1,708,961	(1,595,296)	481,241	(100,651)
Less: Unrealized Carried Interest Compensation	(966,717)	(379,037)	312,696	(312,838)	(105,372)
Net Unrealized Carried Interest	\$ 1,191,293	\$ 1,329,924	\$ (1,282,600)	\$ 168,403	\$ (206,023)
Related Payables^(b)	\$ 74,570	\$ 81,276	\$ 62,943	\$ 74,886	\$ 88,457
Equity-Based Compensation - Non-Incentive Fee Related	130,124	45,133	96,901	73,747	93,410
Plus: Equity-Based Compensation - Incentive Fee Related	-	3,093	6,143	5,824	13,700
Equity-Based Compensation^(c)	\$ 130,124	\$ 48,226	\$ 103,044	\$ 79,571	\$ 107,110

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

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

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

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

Unit Rollforward

	4Q'16	1Q'17	2Q'17	3Q'17	4Q'17
Total GAAP Weighted-Average Common Units Outstanding - Basic	655,074,617	660,939,708	664,681,299	667,384,727	668,781,321
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	1,643,603	809,184	998,974	663,474	702,960
Weighted-Average Blackstone Holdings Partnership Units	539,139,078	537,758,091	534,326,066	532,454,091	-
Total GAAP Weighted-Average Units Outstanding - Diluted	1,195,857,298	1,199,506,983	1,200,006,339	1,200,502,292	669,484,281
<i>Adjustments:</i>					
Weighted-Average Blackstone Holdings Partnership Units	-	-	-	-	531,139,507
Weighted-Average Economic Net Income Adjusted Units	1,195,857,298	1,199,506,983	1,200,006,339	1,200,502,292	1,200,623,788
Economic Net Income Adjusted Units, End of Period	1,196,223,079	1,199,565,618	1,199,890,628	1,200,559,970	1,200,553,187
Total Common Units Outstanding	654,833,530	661,126,963	665,503,840	667,027,762	668,733,356
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	537,393,402	535,206,716	530,678,056	532,235,827	530,472,212
Distributable Earnings Units Outstanding	1,192,226,932	1,196,333,679	1,196,181,896	1,199,263,589	1,199,205,568

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

Definitions and Distribution Policy

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

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

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

Forward-Looking Statements

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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