



Blackstone Reports Second Quarter 2018 Results

New York, July 19, 2018: Blackstone (NYSE:BX) today reported its second quarter 2018 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Despite renewed turbulence in global markets, our investment funds delivered compelling returns to our limited partner investors, driving excellent second-quarter results for the firm’s shareholders. Revenue and earnings rose sharply from the prior year, while our fundraising hit new record levels, with gross inflows of \$120 billion over the last twelve months including \$20 billion of inflows in the quarter. We continue to expand our leading position in a growth industry, and we now head into another fundraising supercycle with our global flagship funds beginning to raise capital in the next several months.”

Blackstone issued a full detailed presentation of its second quarter 2018 results, which can be viewed at www.blackstone.com.

Distribution

Blackstone has declared a quarterly distribution of \$0.58 per common unit to record holders of common units at the close of business on July 30, 2018. This distribution will be paid on August 6, 2018.

Quarterly Investor Call Details

Blackstone will host a conference call on July 19, 2018 at 11:00 a.m. ET to discuss second quarter 2018 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 279 310 39#.

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 approximately \$440 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, financial performance and unit repurchase and distribution activities. 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, 2017, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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Blackstone's Second Quarter 2018 Earnings

July 19, 2018

Blackstone

Blackstone's Second Quarter 2018 GAAP Results

- GAAP Net Income was \$1.6 billion for the quarter, and \$2.4 billion year-to-date. GAAP Net Income Attributable to The Blackstone Group L.P. was \$742 million for the quarter and \$1.1 billion year-to-date.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	2Q'17	2Q'18	% Change vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	% Change vs. 2Q'17 YTD
Revenues						
Management and Advisory Fees, Net	\$ 690,857	\$ 721,384	4%	\$ 1,336,341	\$ 1,450,233	9%
Incentive Fees	40,303	19,378	(52)%	86,814	31,944	(63)%
Investment Income (Loss)						
Performance Allocations						
Realized	602,662	503,376	(16)%	1,714,567	773,016	(55)%
Unrealized	95,532	440,351	361%	(29,089)	1,068,440	n/m
Principal Investment Income (Loss)						
Realized	125,058	129,197	3%	376,402	171,342	(54)%
Unrealized	7,275	103,468	n/m	(32,913)	215,242	n/m
Total Investment Income	830,527	1,176,392	42%	2,028,967	2,228,040	10%
Interest and Dividend Revenue	33,703	40,073	19%	62,198	75,458	21%
Other	(59,664)	675,343	n/m	(63,876)	616,026	n/m
Total Revenues	1,535,726	2,632,570	71%	3,450,444	4,401,701	28%
Expenses						
Compensation and Benefits						
Compensation	367,203	427,479	16%	718,792	816,882	14%
Incentive Fee Compensation	21,032	9,743	(54)%	43,497	16,405	(62)%
Performance Allocations Compensation						
Realized	195,738	186,398	(5)%	562,216	298,460	(47)%
Unrealized	86,910	189,991	119%	94,443	444,426	371%
Total Compensation and Benefits	670,883	813,611	21%	1,418,948	1,576,173	11%
General, Administrative and Other	119,552	145,828	22%	228,938	272,541	19%
Interest Expense	41,089	39,320	(4)%	81,335	77,991	(4)%
Fund Expenses	49,669	17,622	(65)%	73,745	72,607	(2)%
Total Expenses	881,193	1,016,381	15%	1,802,966	1,999,312	11%
Other Income						
Net Gains from Fund Investment Activities	110,054	73,519	(33)%	176,186	184,118	5%
Income Before Provision for Taxes	\$ 764,587	\$ 1,689,708	121%	\$ 1,823,664	\$ 2,586,507	42%
Provision for Taxes	29,608	138,731	369%	87,045	193,226	122%
Net Income	\$ 734,979	\$ 1,550,977	111%	\$ 1,736,619	\$ 2,393,281	38%
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	991	905	(9)%	2,991	(370)	n/m
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	112,944	129,078	14%	251,629	284,577	13%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	283,637	678,952	139%	692,683	999,160	44%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 337,407	\$ 742,042	120%	\$ 789,316	\$ 1,109,914	41%
Net Income per Common Unit, Basic	\$ 0.51	\$ 1.09	114%	\$ 1.19	\$ 1.64	38%
Net Income per Common Unit, Diluted	\$ 0.50	\$ 1.09	118%	\$ 1.18	\$ 1.63	38%

n/m = not meaningful. Effective January 1, 2018, Blackstone adopted new GAAP guidance regarding revenue recognition. All prior periods have been conformed to the new guidance.

Blackstone's Second Quarter 2018 Segment Highlights

- ▶ **Economic Net Income (“ENI”) was \$1.1 billion (\$0.90/unit) in the quarter, up 56% year-over-year, on \$2.0 billion of Total Segment Revenues.**
 - ENI was \$1.9 billion (\$1.55/unit) year-to-date, up 13% year-over-year, on \$3.6 billion of Total Segment Revenues.
- ▶ **Distributable Earnings (“DE”) was \$700 million (\$0.56/unit) in the quarter, driven by \$523 million of Realized Performance Revenues, comprised of Realized Incentive Fees and Realized Performance Allocations.**
 - DE was \$1.2 billion (\$0.97/unit) year-to-date on \$805 million of Realized Performance Revenues.
- ▶ **Fee Related Earnings (“FRE”) was \$315 million in the quarter, up 1% year-over-year, on \$723 million of Net Management and Advisory Fees.**
 - FRE was \$647 million year-to-date, up 8% year-over-year, on \$1.5 billion of Net Management and Advisory Fees.
- ▶ **Total Assets Under Management (“AUM”) of \$439.4 billion, up 18% year-over-year.**
 - Inflows were \$20.1 billion in the quarter, bringing the last twelve months (“LTM”) inflows to a record \$120.2 billion.
 - Fee-Earning AUM increased 18% year-over-year to \$333.0 billion.
- ▶ **Quarterly and year-to-date capital deployed were \$8.4 billion and \$18.5 billion, respectively.**
- ▶ **Returning approximately \$200 million to our unitholders through a special cash distribution of \$0.10 and repurchase of 2.2 million units in the quarter as part of our previously announced buyback program.**
- ▶ **Blackstone declared a second quarter distribution of \$0.58 per common unit payable on August 6, 2018.**

Blackstone's Second Quarter 2018 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	2Q'17	2Q'18	% Change vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	% Change vs. 2Q'17 YTD
Management and Advisory Fees, Net	\$ 696,836	\$ 722,994	4%	\$ 1,346,417	\$ 1,459,038	8%
Performance Revenues	739,106	963,483	30%	1,773,487	1,874,030	6%
Principal Investment Income	67,720	146,773	117%	171,679	189,444	10%
Interest, Dividend and Other Revenue	(28,766)	136,143	n/m	(8,557)	111,634	n/m
Total Revenues	1,474,896	1,969,393	34%	3,283,026	3,634,146	11%
Total Expenses	755,069	864,873	15%	1,576,484	1,719,689	9%
Taxes	24,168	20,026	(17)%	42,973	38,254	(11)%
Economic Net Income	\$ 695,659	\$ 1,084,494	56%	\$ 1,663,569	\$ 1,876,203	13%
<i>ENI per Unit</i>	<i>\$ 0.58</i>	<i>\$ 0.90</i>	<i>55%</i>	<i>\$ 1.39</i>	<i>\$ 1.55</i>	<i>12%</i>
Fee Related Earnings	\$ 311,183	\$ 314,621	1%	\$ 601,925	\$ 647,494	8%
<i>FRE per Unit</i>	<i>\$ 0.26</i>	<i>\$ 0.26</i>	<i>0%</i>	<i>\$ 0.50</i>	<i>\$ 0.54</i>	<i>8%</i>
Distributable Earnings	\$ 781,365	\$ 700,142	(10)%	\$ 2,011,503	\$ 1,202,197	(40)%
<i>DE per Common Unit</i>	<i>\$ 0.63</i>	<i>\$ 0.56</i>	<i>(11)%</i>	<i>\$ 1.65</i>	<i>\$ 0.97</i>	<i>(41)%</i>
Total AUM	\$ 371,056,281	\$ 439,386,656	18%	\$ 371,056,281	\$ 439,386,656	18%
Fee-Earning AUM	\$ 281,934,511	\$ 332,978,145	18%	\$ 281,934,511	\$ 332,978,145	18%

Performance Revenues collectively refer to Realized Incentive Fees and Performance Allocations.

Private Equity

- ▶ Corporate Private Equity carrying value increased 9.5% in the quarter, driven by appreciation in publics and mark-ups in the private portfolio from announced sales, and increased 25.9% over the LTM.
 - Quarterly carrying value increase represents the highest appreciation since the second quarter of 2014.
- ▶ Invested \$2.6 billion in the quarter across the Private Equity segment.
 - Committed an additional \$1.9 billion during the quarter that has not yet been deployed.
- ▶ Realizations of \$2.1 billion in the quarter were driven by activity across Corporate Private Equity, Tactical Opportunities and Strategic Partners, bringing LTM realizations to \$9.9 billion.
- ▶ Raised \$5.0 billion of capital for the new Infrastructure platform, including post-quarter inflows of \$400 million.
 - BCP Asia held its final close reaching its hard cap of \$2.3 billion.
- ▶ Total AUM increased 20% year-over-year to \$119.5 billion, driven by Total AUM inflows of \$6.3 billion and portfolio appreciation in the quarter.
 - Fee-Earning AUM increased 15% year-over-year to \$78.0 billion.

(Dollars in Thousands)	2Q'17	2Q'18	% Change vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	% Change vs. 2Q'17 YTD
Management and Advisory Fees, Net	\$ 191,220	\$ 203,950	7%	\$ 371,912	\$ 394,812	6%
Performance Revenues	198,177	636,445	221%	596,380	1,110,884	86%
Principal Investment Income	15,276	116,847	665%	56,048	140,553	151%
Interest, Dividend and Other Revenue	(8,202)	38,216	n/m	(3,341)	30,351	n/m
Total Revenues	396,471	995,458	151%	1,020,999	1,676,600	64%
Compensation	90,676	103,798	14%	174,279	203,527	17%
Performance Compensation	85,279	262,260	208%	227,556	474,107	108%
Interest Expense	10,728	12,773	19%	21,155	22,906	8%
Other Operating Expenses	28,592	36,047	26%	56,353	67,198	19%
Total Expenses	215,275	414,878	93%	479,343	767,738	60%
Economic Income	\$ 181,196	\$ 580,580	220%	\$ 541,656	\$ 908,862	68%
Total AUM	\$ 100,019,716	\$ 119,524,518	20%	\$ 100,019,716	\$ 119,524,518	20%
Fee-Earning AUM	\$ 68,029,670	\$ 78,045,697	15%	\$ 68,029,670	\$ 78,045,697	15%

9.5%

2Q'18 Increase in Corporate
Private Equity Carrying Value

\$2.1 billion

2Q'18 Realizations

\$119.5 billion

Total AUM up 20% YoY

Real Estate

- ▶ Opportunistic funds' and core+ funds' carrying value increased 2.7% and 2.4%, respectively, in the quarter.
- ▶ Active investment pace with \$4.6 billion deployed in the quarter, including the privatization of a Canadian industrial REIT in core+ and acquisition of three North American landmark destination resorts in BREP.
 - Committed an additional \$6.0 billion during the quarter, including five large public company transactions.
- ▶ Realizations of \$4.3 billion in the quarter driven by the sale of Blackstone's remaining ownership stake in Hilton and three U.K. office properties.
- ▶ Total AUM up 15% and Fee-Earning AUM up 20% year-over-year to \$119.4 billion and \$88.8 billion, respectively.
 - Total AUM inflows of \$5.1 billion in the quarter primarily driven by \$2.6 billion in the core+ platform.
 - Core+ Total AUM up 88% year-over-year to \$31.6 billion, less than five years after launching the business.

(Dollars in Thousands)	2Q'17	2Q'18	% Change vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	% Change vs. 2Q'17 YTD
Management Fees, Net	\$ 238,934	\$ 269,754	13%	\$ 454,542	\$ 517,700	14%
Performance Revenues	484,007	202,446	(58)%	998,716	584,572	(41)%
Principal Investment Income	37,080	22,155	(40)%	72,806	39,532	(46)%
Interest, Dividend and Other Revenue	(8,472)	44,951	n/m	472	38,582	n/m
Total Revenues	751,549	539,306	(28)%	1,526,536	1,180,386	(23)%
Compensation	110,266	109,599	(1)%	212,968	222,423	4%
Performance Compensation	191,477	63,683	(67)%	390,558	199,246	(49)%
Interest Expense	14,787	11,389	(23)%	29,422	25,538	(13)%
Other Operating Expenses	33,379	36,026	8%	64,243	65,443	2%
Total Expenses	349,909	220,697	(37)%	697,191	512,650	(26)%
Economic Income	\$ 401,640	\$ 318,609	(21)%	\$ 829,345	\$ 667,736	(19)%
Total AUM	\$ 104,034,287	\$ 119,399,973	15%	\$ 104,034,287	\$ 119,399,973	15%
Fee-Earning AUM	\$ 73,710,243	\$ 88,776,501	20%	\$ 73,710,243	\$ 88,776,501	20%

2.7%

2Q'18 Increase in Opportunistic
Funds' Carrying Value

\$4.3 billion

2Q'18 Realizations

\$119.4 billion

Total AUM up 15% 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 2.7% year-to-date (2.3% net), continuing positive momentum in returns for hedge fund strategies.
- ▶ Total AUM inflows of \$3.0 billion during the quarter and \$6.9 billion year-to-date, driven by customized solutions and individual investor and specialized solutions.
 - Record Total AUM inflows of \$13.4 billion over the last twelve months.
 - July 1 subscriptions of \$2.1 billion are not yet included in Total AUM.
- ▶ Total AUM increased 7% year-over-year to \$77.4 billion, driven primarily by appreciation across strategies.
 - Total AUM for BAAM's individual investor solutions platform of \$9.0 billion, up 24% year-over-year.
 - Fee-Earning AUM up 6% year-over-year to \$71.9 billion.

(Dollars in Thousands)	2Q'17	2Q'18	% Change vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	% Change vs. 2Q'17 YTD
Management Fees, Net	\$ 130,394	\$ 130,365	(0)%	\$ 259,121	\$ 259,938	0%
Performance Revenues	21,844	17,200	(21)%	55,343	32,438	(41)%
Principal Investment Income	11,803	2,925	(75)%	29,464	4,005	(86)%
Interest, Dividend and Other Revenue	(6,046)	22,771	n/m	(3,659)	17,295	n/m
Total Revenues	157,995	173,261	10%	340,269	313,676	(8)%
Compensation	47,361	48,086	2%	94,965	98,386	4%
Performance Compensation	10,330	7,864	(24)%	24,069	16,499	(31)%
Interest Expense	6,688	5,900	(12)%	13,231	12,171	(8)%
Other Operating Expenses	16,318	18,494	13%	32,697	37,279	14%
Total Expenses	80,697	80,344	(0)%	164,962	164,335	(0)%
Economic Income	\$ 77,298	\$ 92,917	20%	\$ 175,307	\$ 149,341	(15)%
Total AUM	\$ 72,476,444	\$ 77,403,078	7%	\$ 72,476,444	\$ 77,403,078	7%
Fee-Earning AUM	\$ 67,824,464	\$ 71,889,290	6%	\$ 67,824,464	\$ 71,889,290	6%

1.5%
2Q'18 BPS Composite Gross Return

\$3.0 billion
2Q'18 Total AUM Inflows

\$77.4 billion
Total AUM up 7% 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), 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

- ▶ Strong composite gross returns of 4.5% for Performing Credit and 3.8% for Distressed Strategies for the quarter.
- ▶ Investment pace remained active across the platform with \$2.4 billion of capital deployed or committed during the quarter and \$3.8 billion year-to-date.
- ▶ Continued strong realization activity across funds of \$1.8 billion in the quarter and \$10.0 billion for the LTM.
- ▶ Total AUM increased 30% year-over-year to \$123.1 billion, despite the conclusion of GSO's investment sub-advisory relationship with FS Investments.
 - Total AUM inflows of \$5.7 billion in the quarter include: \$1.5 billion of capital raised from two new CLOs (one U.S. and one European), \$721 million of subscriptions related to the launch of two leveraged loan separately managed accounts, and \$435 million of capital in the quarter for a successor credit alpha fund.
 - Raised \$890 million of capital for the second energy credit fund, including post-quarter inflows of \$446 million.

(Dollars in Thousands)	2Q'17	2Q'18	% Change vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	% Change vs. 2Q'17 YTD
Management Fees, Net	\$ 136,288	\$ 118,925	(13)%	\$ 260,842	\$ 286,588	10%
Performance Revenues	35,078	107,392	206%	123,048	146,136	19%
Principal Investment Income	3,561	4,846	36%	13,361	5,354	(60)%
Interest, Dividend and Other Revenue	(6,046)	30,205	n/m	(2,029)	25,406	n/m
Total Revenues	168,881	261,368	55%	395,222	463,484	17%
Compensation	56,954	55,907	(2)%	112,072	129,381	15%
Performance Compensation	16,594	52,325	215%	57,973	69,439	20%
Interest Expense	8,091	8,823	9%	15,936	16,508	4%
Other Operating Expenses	27,549	31,899	16%	49,007	59,638	22%
Total Expenses	109,188	148,954	36%	234,988	274,966	17%
Economic Income	\$ 59,693	\$ 112,414	88%	\$ 160,234	\$ 188,518	18%
Total AUM	\$ 94,525,834	\$ 123,059,087	30%	\$ 94,525,834	\$ 123,059,087	30%
Fee-Earning AUM	\$ 72,370,134	\$ 94,266,657	30%	\$ 72,370,134	\$ 94,266,657	30%

2Q'18 Composite Gross Returns

Performing Credit	4.5%
Distressed	3.8%

\$5.7 billion

2Q'18 Total AUM Inflows

\$123.1 billion

Total AUM up 30% YoY

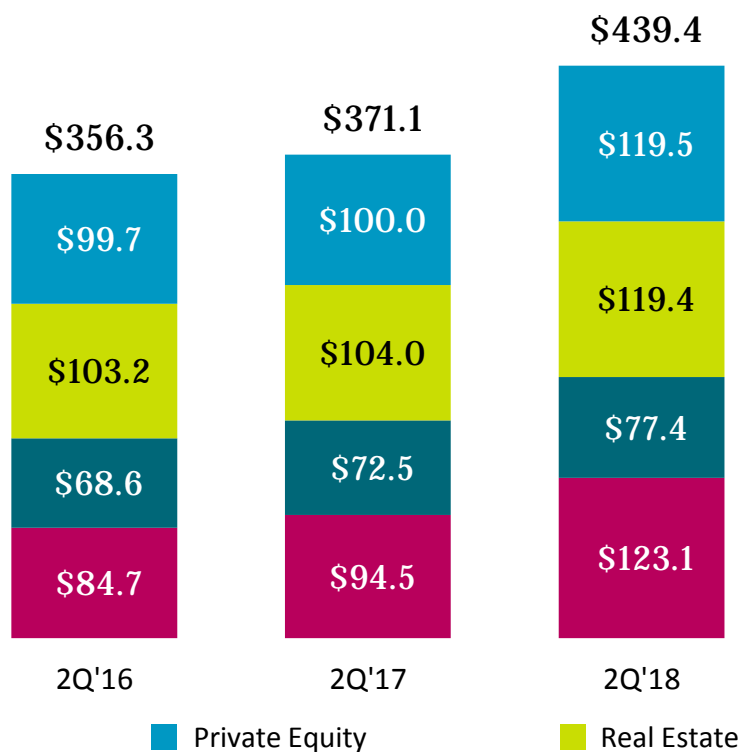
Performing Credit Strategies include mezzanine lending funds, middle market direct lending funds and other performing credit strategy funds. Distressed Strategies include credit alpha strategies, stressed / distressed funds and energy strategies. The composite gross returns represent a weighted-average 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 3.6%, 5.9% and 8.1% for 2Q'18, 2Q'18 YTD and 2Q'18 LTM. Distressed Strategies' net composite returns were 3.1%, 2.3% and 7.4% for 2Q'18, 2Q'18 YTD and 2Q'18 LTM. The breakdown of Total AUM for 2Q'18 is as follows: Distressed Strategies \$25.3 billion (13% Incentive Fee, 87% Performance Allocations), Performing Credit Strategies \$22.0 billion (4% Incentive Fee, 96% Performance Allocations), Long Only \$44.7 billion, Blackstone Insurance Solutions \$20.0 billion, and Harvest \$11.0 billion. The breakdown of Fee-Earning AUM for 2Q'18 is as follows: Distressed Strategies \$10.5 billion (27% Incentive Fee, 73% Performance Allocations), Performing Credit Strategies \$9.9 billion (10% Incentive Fee, 90% Performance Allocations), Long Only \$43.0 billion, Blackstone Insurance Solutions \$20.0 billion, and Harvest \$10.9 billion.

Assets Under Management

- ▶ Total AUM increased \$68.3 billion, up 18% year-over-year, to \$439.4 billion driven by \$120.2 billion of inflows.
 - Total AUM increased despite realizations of \$42.0 billion during the LTM.
- ▶ Fee-Earning AUM of \$333.0 billion up 18% year-over-year as \$110.3 billion of inflows outpaced \$65.8 billion of realizations and outflows.

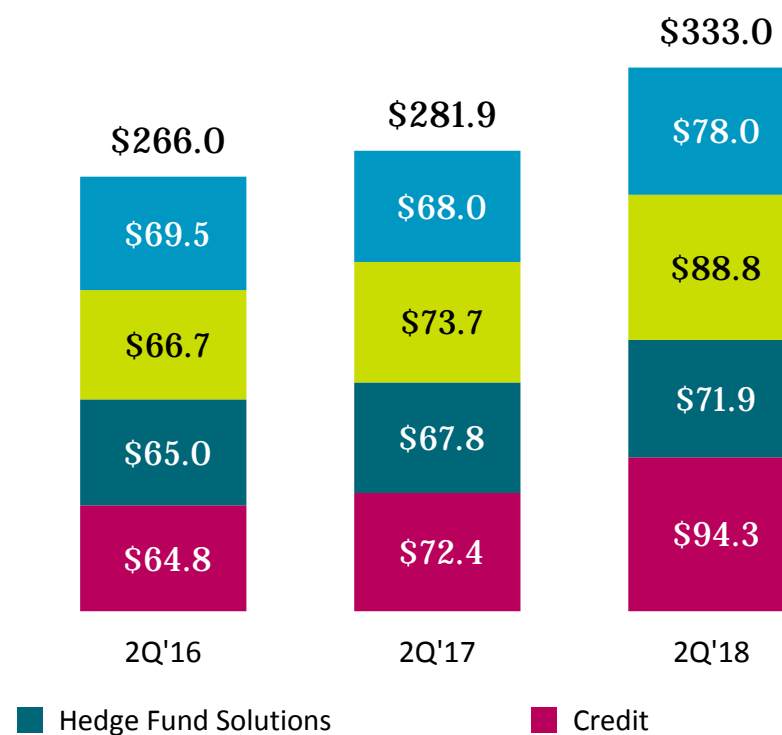
Total AUM by Segment

(Dollars in Billions)



Fee-Earning AUM by Segment

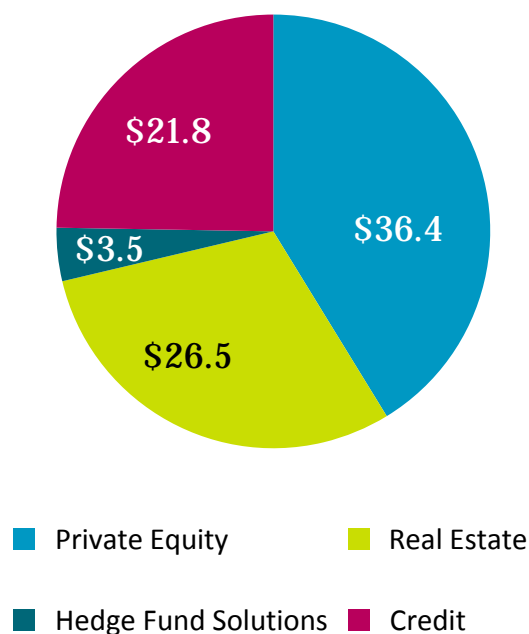
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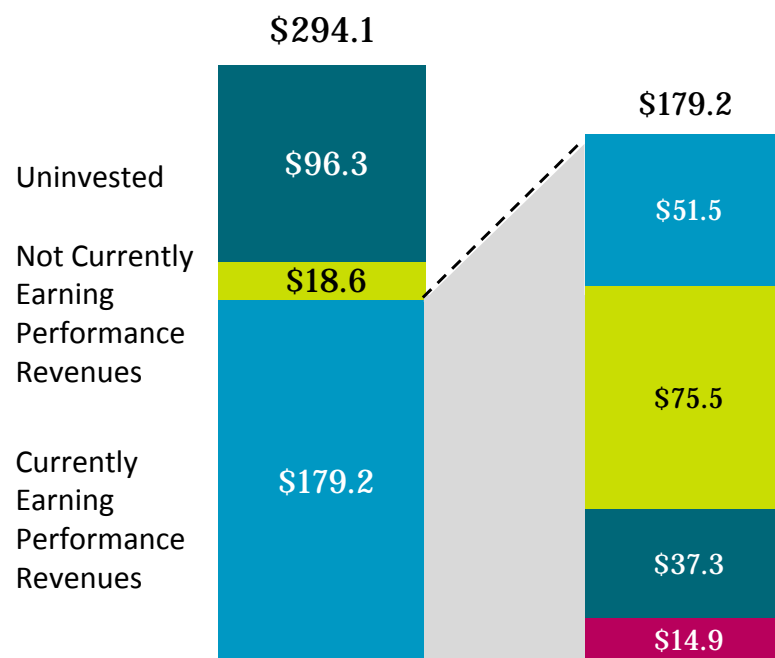
Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$88.3 billion, despite \$48.9 billion of capital deployed over the LTM.
- ▶ Performance Revenue Eligible AUM reached \$294.1 billion at quarter end, up 7% year-over-year, despite significant realizations in the Real Estate, Private Equity, and Credit segments.

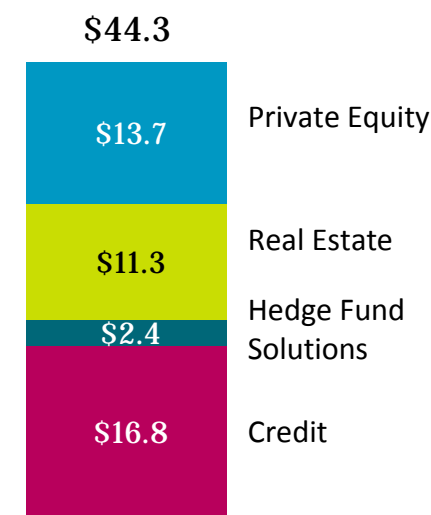
\$88 billion 2Q'18 Total Dry Powder



\$294 billion Performance Revenue Eligible AUM



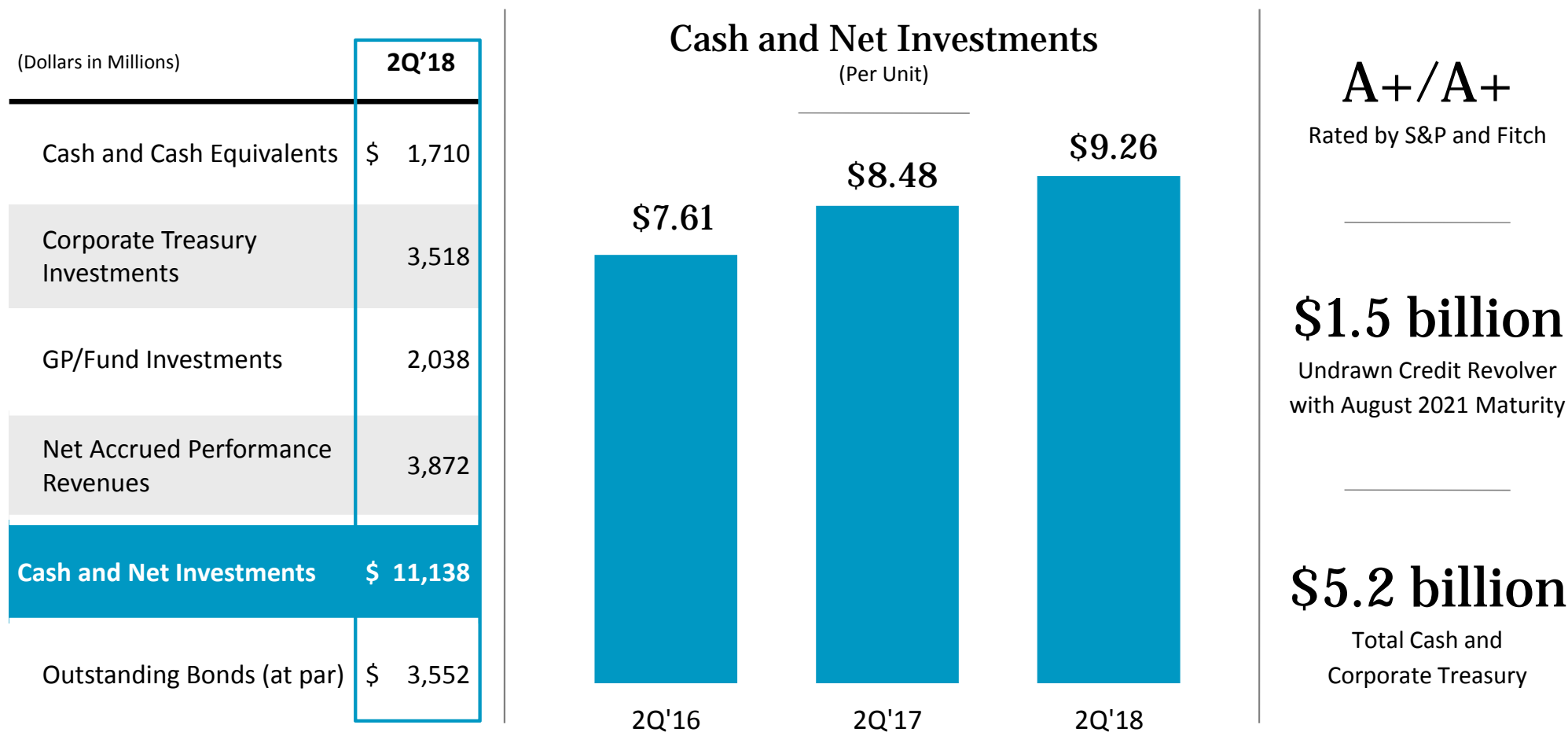
\$44 billion Not Currently Earning Management Fees



Performance Revenue Eligible AUM Currently Earning Performance Revenues of \$179.2 billion includes \$51.5 billion for Private Equity (Corporate Private Equity \$30.2 billion, Tactical Opportunities \$13.4 billion, Strategic Partners \$7.9 billion), \$75.5 billion for Real Estate (BREP \$43.1 billion, core+ \$24.9 billion, BREDS \$7.6 billion), \$37.3 billion for Hedge Fund Solutions, and \$14.9 billion for Credit (Distressed Strategies \$7.3 billion, Performing Credit Strategies \$7.0 billion, Long Only and Master Limited Partnership (“MLP”) \$596 million).

Deconsolidated Balance Sheet Highlights

- ▶ At June 30, 2018, Blackstone had \$5.2 billion in total cash, cash equivalents, and corporate treasury investments and \$11.1 billion of cash and net investments, or \$9.26 per unit.
- ▶ Blackstone has no net debt, a \$1.5 billion undrawn credit revolver and maintains A+/A+ ratings.



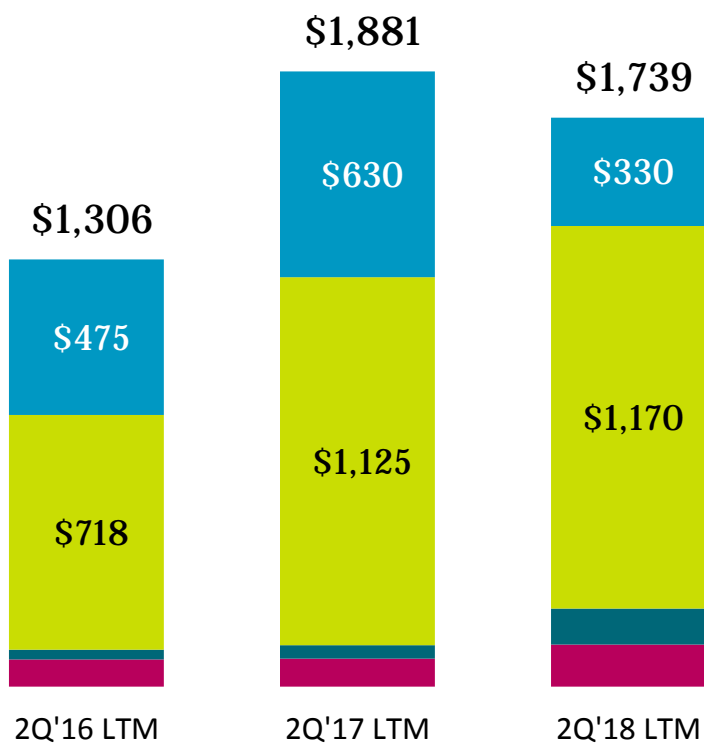
Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. GP/Fund Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$727 million, \$867 million, \$110 million, and \$334 million, respectively, as of June 30, 2018. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding (see page 30, Unit Rollforward).

Performance Revenues

- ▶ Net Accrued Performance Revenues were \$3.9 billion (\$3.22/unit), increasing 19% year-over-year with strong appreciation, generating \$2.3 billion of additional Net Accrued Performance Revenues that offset \$1.7 billion of Net Realized Performance Revenues.

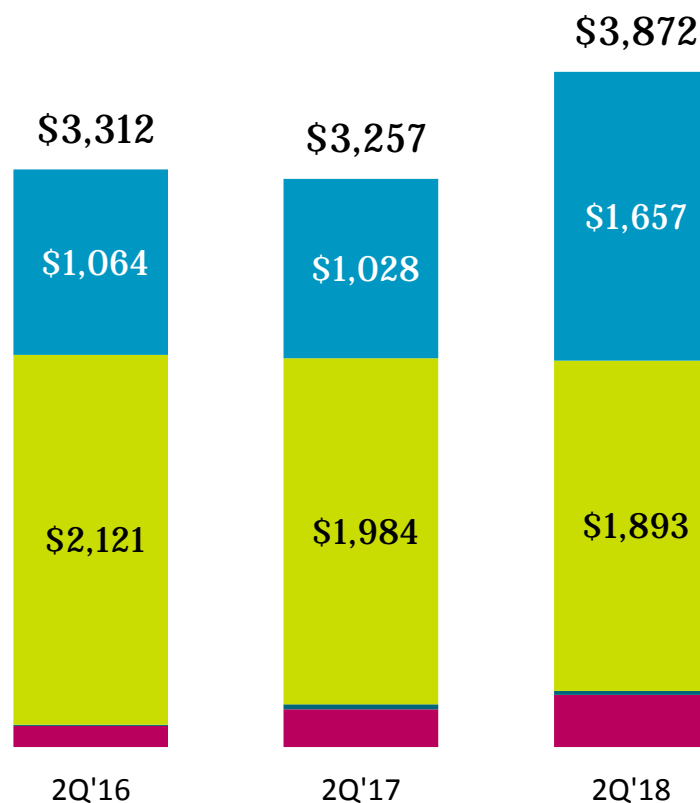
Net Realized Performance Revenues

(Dollars in Millions)



Net Accrued Performance Revenues

(Dollars in Millions)



\$3.9 billion

Net Accrued Performance Revenues at 2Q'18

\$3.22

per unit
Net Accrued Performance Revenues at 2Q'18

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

Appendix

Total Segments

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 671,368	\$ 669,902	\$ 696,163	\$ 707,156	\$ 692,915	\$ 1,314,326	\$ 1,400,071
Transaction, Advisory and Other Fees, Net	38,892	32,295	45,407	37,066	40,912	79,114	77,978
Management Fee Offsets	(13,424)	(10,215)	(9,178)	(8,178)	(10,833)	(47,023)	(19,011)
Total Management and Advisory Fees, Net	696,836	691,982	732,392	736,044	722,994	1,346,417	1,459,038
Performance Revenues							
Realized Incentive Fees	40,303	35,513	122,057	12,566	19,504	86,814	32,070
Realized Performance Allocations	603,096	434,994	1,422,830	269,642	503,555	1,715,044	773,197
Unrealized Performance Allocations	95,707	407,425	(484,486)	628,339	440,424	(28,371)	1,068,763
Total Performance Revenues	739,106	877,932	1,060,401	910,547	963,483	1,773,487	1,874,030
Principal Investment Income (Loss)							
Realized	100,887	60,188	72,225	28,693	94,647	303,781	123,340
Unrealized	(33,167)	17,384	(16,488)	13,978	52,126	(132,102)	66,104
Total Principal Investment Income	67,720	77,572	55,737	42,671	146,773	171,679	189,444
Interest Income and Dividend Revenue	33,703	37,885	42,836	36,385	41,727	62,199	78,112
Other	(62,469)	(34,144)	(35,151)	(60,894)	94,416	(70,756)	33,522
Total Revenues	1,474,896	1,651,227	1,856,215	1,664,753	1,969,393	3,283,026	3,634,146
Expenses							
Compensation	305,257	302,798	306,034	336,327	317,390	594,284	653,717
Performance Compensation							
Realized Incentive Fees	21,032	18,332	43,450	6,662	9,743	43,497	16,405
Realized Performance Allocations	195,738	162,505	557,244	112,062	186,398	562,216	298,460
Unrealized Performance Allocations	86,910	175,534	(166,183)	254,435	189,991	94,443	444,426
Total Compensation and Benefits	608,937	659,169	740,545	709,486	703,522	1,294,440	1,413,008
Interest Expense	40,294	40,749	72,345	38,238	38,885	79,744	77,123
Other Operating Expenses	105,838	106,617	115,949	107,092	122,466	202,300	229,558
Total Expenses	755,069	806,535	928,839	854,816	864,873	1,576,484	1,719,689
Economic Income	\$ 719,827	\$ 844,692	\$ 927,376	\$ 809,937	\$ 1,104,520	\$ 1,706,542	\$ 1,914,457
Economic Net Income	\$ 695,659	\$ 822,140	\$ 891,370	\$ 791,709	\$ 1,084,494	\$ 1,663,569	\$ 1,876,203
Fee Related Earnings	\$ 311,183	\$ 306,708	\$ 327,586	\$ 332,873	\$ 314,621	\$ 601,925	\$ 647,494
Distributable Earnings	\$ 781,365	\$ 625,566	\$ 1,239,146	\$ 502,055	\$ 700,142	\$ 2,011,503	\$ 1,202,197
Total Assets Under Management	\$ 371,056,281	\$ 387,449,746	\$ 434,128,243	\$ 449,613,826	\$ 439,386,656	\$ 371,056,281	\$ 439,386,656
Fee-Earning Assets Under Management	\$ 281,934,511	\$ 285,698,425	\$ 335,343,998	\$ 344,650,797	\$ 332,978,145	\$ 281,934,511	\$ 332,978,145
Weighted Average Fee-Earning AUM	\$ 281,966,547	\$ 284,114,581	\$ 311,353,064	\$ 343,211,044	\$ 328,594,512	\$ 281,109,401	\$ 334,643,503
LP Capital Invested	\$ 7,799,624	\$ 10,043,022	\$ 18,663,837	\$ 9,323,329	\$ 8,026,698	\$ 17,509,554	\$ 17,350,027
Total Capital Invested	\$ 8,382,583	\$ 10,925,170	\$ 19,529,797	\$ 10,119,519	\$ 8,351,772	\$ 20,223,496	\$ 18,471,291

Private Equity

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 177,684	\$ 182,764	\$ 187,664	\$ 182,961	\$ 195,521	\$ 354,390	\$ 378,482
Transaction, Advisory and Other Fees, Net	17,289	8,748	15,411	11,094	12,780	33,465	23,874
Management Fee Offsets	(3,753)	(1,088)	(976)	(3,193)	(4,351)	(15,943)	(7,544)
Total Management and Advisory Fees, Net	191,220	190,424	202,099	190,862	203,950	371,912	394,812
Performance Revenues							
Realized Performance Allocations	198,168	101,918	274,421	77,123	138,171	780,849	215,294
Unrealized Performance Allocations	9	80,326	90,929	397,316	498,274	(184,469)	895,590
Total Performance Revenues	198,177	182,244	365,350	474,439	636,445	596,380	1,110,884
Principal Investment Income (Loss)							
Realized	41,168	7,077	25,298	6,338	32,600	122,462	38,938
Unrealized	(25,892)	17,300	(2,303)	17,368	84,247	(66,414)	101,615
Total Principal Investment Income	15,276	24,377	22,995	23,706	116,847	56,048	140,553
Interest Income and Dividend Revenue	7,922	9,046	9,209	8,543	11,549	14,583	20,092
Other	(16,124)	(8,346)	(9,392)	(16,408)	26,667	(17,924)	10,259
Total Revenues	396,471	397,745	590,261	681,142	995,458	1,020,999	1,676,600
Expenses							
Compensation	90,676	96,166	92,229	99,729	103,798	174,279	203,527
Performance Compensation							
Realized Performance Allocations	63,060	48,019	111,832	33,045	68,513	244,693	101,558
Unrealized Performance Allocations	22,219	45,484	42,748	178,802	193,747	(17,137)	372,549
Total Compensation and Benefits	175,955	189,669	246,809	311,576	366,058	401,835	677,634
Interest Expense	10,728	10,804	19,170	10,133	12,773	21,155	22,906
Other Operating Expenses	28,592	32,166	32,478	31,151	36,047	56,353	67,198
Total Expenses	215,275	232,639	298,457	352,860	414,878	479,343	767,738
Economic Income	\$ 181,196	\$ 165,106	\$ 291,804	\$ 328,282	\$ 580,580	\$ 541,656	\$ 908,862
Total Assets Under Management	\$ 100,019,716	\$ 102,453,979	\$ 105,560,576	\$ 111,414,214	\$ 119,524,518	\$ 100,019,716	\$ 119,524,518
Fee-Earning Assets Under Management	\$ 68,029,670	\$ 67,538,062	\$ 70,140,883	\$ 72,398,415	\$ 78,045,697	\$ 68,029,670	\$ 78,045,697
Weighted Average Fee-Earning AUM	\$ 68,194,287	\$ 67,606,365	\$ 68,815,882	\$ 71,881,372	\$ 73,587,774	\$ 68,729,881	\$ 72,839,192
LP Capital Invested	\$ 3,846,841	\$ 3,725,919	\$ 4,614,237	\$ 3,301,949	\$ 2,356,960	\$ 8,583,229	\$ 5,658,909
Total Capital Invested	\$ 4,221,479	\$ 4,279,062	\$ 4,929,609	\$ 3,955,198	\$ 2,586,395	\$ 10,970,338	\$ 6,541,593

Real Estate

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 227,865	\$ 224,048	\$ 222,399	\$ 226,526	\$ 249,680	\$ 425,744	\$ 476,206
Transaction and Other Fees, Net	16,087	20,616	24,799	23,088	23,859	37,366	46,947
Management Fee Offsets	(5,018)	(4,232)	(3,134)	(1,668)	(3,785)	(8,568)	(5,453)
Total Management Fees, Net	238,934	240,432	244,064	247,946	269,754	454,542	517,700
Performance Revenues							
Realized Incentive Fees	4,878	3,778	20,094	4,375	11,394	7,760	15,769
Realized Performance Allocations	389,441	307,932	971,996	151,309	351,630	909,314	502,939
Unrealized Performance Allocations	89,688	273,731	(498,562)	226,442	(160,578)	81,642	65,864
Total Performance Revenues	484,007	585,441	493,528	382,126	202,446	998,716	584,572
Principal Investment Income (Loss)							
Realized	57,599	44,449	34,276	14,690	50,199	177,178	64,889
Unrealized	(20,519)	(8,319)	(9,529)	2,687	(28,044)	(104,372)	(25,357)
Total Principal Investment Income	37,080	36,130	24,747	17,377	22,155	72,806	39,532
Interest Income and Dividend Revenue	14,493	15,461	16,036	15,128	14,494	26,587	29,622
Other	(22,965)	(13,108)	(12,202)	(21,497)	30,457	(26,115)	8,960
Total Revenues	751,549	864,356	766,173	641,080	539,306	1,526,536	1,180,386
Expenses							
Compensation	110,266	105,753	108,490	112,824	109,599	212,968	222,423
Performance Compensation							
Realized Incentive Fees	2,711	1,967	10,203	2,210	5,820	4,044	8,030
Realized Performance Allocations	124,512	104,112	364,410	54,183	109,233	304,468	163,416
Unrealized Performance Allocations	64,254	105,640	(172,254)	79,170	(51,370)	82,046	27,800
Total Compensation and Benefits	301,743	317,472	310,849	248,387	173,282	603,526	421,669
Interest Expense	14,787	15,028	26,891	14,149	11,389	29,422	25,538
Other Operating Expenses	33,379	33,256	38,543	29,417	36,026	64,243	65,443
Total Expenses	349,909	365,756	376,283	291,953	220,697	697,191	512,650
Economic Income	\$ 401,640	\$ 498,600	\$ 389,890	\$ 349,127	\$ 318,609	\$ 829,345	\$ 667,736
Total Assets Under Management	\$ 104,034,287	\$ 111,298,844	\$ 115,340,363	\$ 119,575,884	\$ 119,399,973	\$ 104,034,287	\$ 119,399,973
Fee-Earning Assets Under Management	\$ 73,710,243	\$ 75,081,521	\$ 83,984,824	\$ 87,284,578	\$ 88,776,501	\$ 73,710,243	\$ 88,776,501
Weighted Average Fee-Earning AUM	\$ 73,320,319	\$ 74,340,895	\$ 77,626,395	\$ 86,670,284	\$ 88,050,906	\$ 72,769,703	\$ 86,744,980
LP Capital Invested	\$ 2,371,918	\$ 3,778,790	\$ 10,845,388	\$ 4,254,201	\$ 4,538,154	\$ 4,962,337	\$ 8,792,355
Total Capital Invested	\$ 2,379,922	\$ 3,841,972	\$ 11,008,356	\$ 4,342,936	\$ 4,600,382	\$ 5,031,887	\$ 8,943,318

Hedge Fund Solutions

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 128,698	\$ 129,410	\$ 129,472	\$ 129,228	\$ 129,553	\$ 257,166	\$ 258,781
Transaction and Other Fees, Net	1,696	48	977	345	812	1,955	1,157
Management Fee Offsets	-	(28)	(65)	-	-	-	-
Total Management Fees, Net	130,394	129,430	130,384	129,573	130,365	259,121	259,938
Performance Revenues							
Realized Incentive Fees	6,548	12,186	74,031	8,171	6,887	20,635	15,058
Realized Performance Allocations	447	2,031	44,416	2,006	383	1,044	2,389
Unrealized Performance Allocations	14,849	10,327	(35,647)	5,061	9,930	33,664	14,991
Total Performance Revenues	21,844	24,544	82,800	15,238	17,200	55,343	32,438
Principal Investment Income (Loss)							
Realized	225	1,316	8,165	640	7,766	(407)	8,406
Unrealized	11,578	12,723	(1,582)	440	(4,841)	29,871	(4,401)
Total Principal Investment Income	11,803	14,039	6,583	1,080	2,925	29,464	4,005
Interest Income and Dividend Revenue	4,674	5,316	7,538	4,812	5,152	8,671	9,964
Other	(10,720)	(5,859)	(6,191)	(10,288)	17,619	(12,330)	7,331
Total Revenues	157,995	167,470	221,114	140,415	173,261	340,269	313,676
Expenses							
Compensation	47,361	44,347	37,470	50,300	48,086	94,965	98,386
Performance Compensation							
Realized Incentive Fees	4,097	5,862	20,159	4,034	4,155	11,111	8,189
Realized Performance Allocations	265	1,022	14,626	2,415	937	568	3,352
Unrealized Performance Allocations	5,968	3,541	(12,814)	2,186	2,772	12,390	4,958
Total Compensation and Benefits	57,691	54,772	59,441	58,935	55,950	119,034	114,885
Interest Expense	6,688	6,763	11,624	6,271	5,900	13,231	12,171
Other Operating Expenses	16,318	17,958	17,610	18,785	18,494	32,697	37,279
Total Expenses	80,697	79,493	88,675	83,991	80,344	164,962	164,335
Economic Income	\$ 77,298	\$ 87,977	\$ 132,439	\$ 56,424	\$ 92,917	\$ 175,307	\$ 149,341
Total Assets Under Management	\$ 72,476,444	\$ 74,219,563	\$ 75,090,834	\$ 78,657,551	\$ 77,403,078	\$ 72,476,444	\$ 77,403,078
Fee-Earning Assets Under Management	\$ 67,824,464	\$ 69,037,961	\$ 69,914,061	\$ 73,570,498	\$ 71,889,290	\$ 67,824,464	\$ 71,889,290
Weighted Average Fee-Earning AUM	\$ 69,301,130	\$ 68,957,501	\$ 71,101,632	\$ 72,979,993	\$ 73,635,114	\$ 68,853,830	\$ 73,269,990
LP Capital Invested	\$ 89,985	\$ 360,748	\$ 328,640	\$ 755,818	\$ 112,753	\$ 211,842	\$ 868,571
Total Capital Invested	\$ 93,191	\$ 363,420	\$ 383,070	\$ 785,874	\$ 113,108	\$ 215,079	\$ 898,982

Credit

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 137,121	\$ 133,680	\$ 156,628	\$ 168,441	\$ 118,161	\$ 277,026	\$ 286,602
Transaction and Other Fees, Net	3,820	2,883	4,220	2,539	3,461	6,328	6,000
Management Fee Offsets	(4,653)	(4,867)	(5,003)	(3,317)	(2,697)	(22,512)	(6,014)
Total Management Fees, Net	136,288	131,696	155,845	167,663	118,925	260,842	286,588
Performance Revenues							
Realized Incentive Fees	28,877	19,549	27,932	20	1,223	58,419	1,243
Realized Performance Allocations	15,040	23,113	131,997	39,204	13,371	23,837	52,575
Unrealized Performance Allocations	(8,839)	43,041	(41,206)	(480)	92,798	40,792	92,318
Total Performance Revenues	35,078	85,703	118,723	38,744	107,392	123,048	146,136
Principal Investment Income (Loss)							
Realized	1,895	7,346	4,486	7,025	4,082	4,548	11,107
Unrealized	1,666	(4,320)	(3,074)	(6,517)	764	8,813	(5,753)
Total Principal Investment Income	3,561	3,026	1,412	508	4,846	13,361	5,354
Interest Income and Dividend Revenue	6,614	8,062	10,053	7,902	10,532	12,358	18,434
Other	(12,660)	(6,831)	(7,366)	(12,701)	19,673	(14,387)	6,972
Total Revenues	168,881	221,656	278,667	202,116	261,368	395,222	463,484
Expenses							
Compensation	56,954	56,532	67,845	73,474	55,907	112,072	129,381
Performance Compensation							
Realized Incentive Fees	14,224	10,503	13,088	418	(232)	28,342	186
Realized Performance Allocations	7,901	9,352	66,376	22,419	7,715	12,487	30,134
Unrealized Performance Allocations	(5,531)	20,869	(23,863)	(5,723)	44,842	17,144	39,119
Total Compensation and Benefits	73,548	97,256	123,446	90,588	108,232	170,045	198,820
Interest Expense	8,091	8,154	14,660	7,685	8,823	15,936	16,508
Other Operating Expenses	27,549	23,237	27,318	27,739	31,899	49,007	59,638
Total Expenses	109,188	128,647	165,424	126,012	148,954	234,988	274,966
Economic Income	\$ 59,693	\$ 93,009	\$ 113,243	\$ 76,104	\$ 112,414	\$ 160,234	\$ 188,518
Total Assets Under Management	\$ 94,525,834	\$ 99,477,360	\$ 138,136,470	\$ 139,966,177	\$ 123,059,087	\$ 94,525,834	\$ 123,059,087
Fee-Earning Assets Under Management	\$ 72,370,134	\$ 74,040,881	\$ 111,304,230	\$ 111,397,306	\$ 94,266,657	\$ 72,370,134	\$ 94,266,657
Weighted Average Fee-Earning AUM	\$ 71,150,811	\$ 73,209,820	\$ 93,809,155	\$ 111,679,395	\$ 93,320,718	\$ 70,755,987	\$ 101,789,341
LP Capital Invested	\$ 1,490,880	\$ 2,177,565	\$ 2,875,572	\$ 1,011,361	\$ 1,018,831	\$ 3,752,146	\$ 2,030,192
Total Capital Invested	\$ 1,687,991	\$ 2,440,716	\$ 3,208,762	\$ 1,035,511	\$ 1,051,887	\$ 4,006,192	\$ 2,087,398

Unitholder Distribution

- ▶ Generated \$0.56 of Distributable Earnings per common unit during the quarter, bringing the year-to-date amount to \$0.97 per common unit.
- ▶ Blackstone declared a quarterly distribution of \$0.58 per common unit, which includes a \$0.10 special cash distribution, to record holders as of July 30, 2018; payable on August 6, 2018.

(Dollars in Thousands, Except per Unit Data)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	% Change		% Change	
						vs. 2Q'17	2Q'17 YTD	2Q'18 YTD	vs. 2Q'17 YTD
Distributable Earnings	\$ 781,365	\$ 625,566	\$ 1,239,146	\$ 502,055	\$ 700,142	(10)%	\$ 2,011,503	\$ 1,202,197	(40)%
Add: Other Payables Attributable to Common Unitholders	29,808	9,448	52,216	7,028	29,379	(1)%	36,440	36,407	(0)%
DE before Certain Payables	811,173	635,014	1,291,362	509,083	729,521	(10)%	2,047,943	1,238,604	(40)%
Percent to Common Unitholders	56%	56%	56%	56%	57%		55%	56%	
DE before Certain Payables Attributable to Common Unitholders	451,302	353,193	720,124	285,633	414,071	(8)%	1,134,775	699,704	(38)%
Less: Other Payables Attributable to Common Unitholders	(29,808)	(9,448)	(52,216)	(7,028)	(29,379)	(1)%	(36,440)	(36,407)	(0)%
DE Attributable to Common Unitholders	421,494	343,745	667,908	278,605	384,692	(9)%	1,098,335	663,297	(40)%
DE per Common Unit	\$ 0.63	\$ 0.52	\$ 1.00	\$ 0.41	\$ 0.56	(11)%	\$ 1.65	\$ 0.97	(41)%
Less: Retained Capital per Common Unit	\$ (0.09)	\$ (0.08)	\$ (0.15)	\$ (0.06)	\$ (0.08)	(11)%	\$ (0.24)	\$ (0.14)	(42)%
Special Cash Distribution per Common Unit	\$ -	\$ -	\$ -	\$ -	\$ 0.10	n/m	\$ -	\$ 0.10	n/m
Actual Distribution per Common Unit	\$ 0.54	\$ 0.44	\$ 0.85	\$ 0.35	\$ 0.58	7%	\$ 1.41	\$ 0.93	(34)%
Record Date					Jul 30, 2018				
Payable Date					Aug 6, 2018				

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on page 31, 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 30, 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 \$55 million for 2Q'18 and \$95 million for 2Q'18 YTD.

Total Assets Under Management

2Q'18 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'18	\$ 111,414	\$ 119,576	\$ 78,658	\$ 139,966	\$ 449,614
Inflows	6,283	5,124	2,995	5,687	20,089
Outflows	(401)	(1,003)	(4,544)	(21,648)	(27,596)
Realizations	(2,059)	(4,327)	(126)	(1,792)	(8,303)
Net Inflows (Outflows)	3,823	(205)	(1,675)	(17,752)	(15,810)
Market Activity	4,288	29	421	845	5,583
2Q'18	\$ 119,525	\$ 119,400	\$ 77,403	\$ 123,059	\$ 439,387
QoQ Increase (Decrease)	7%	(0)%	(2)%	(12)%	(2)%

2Q'18 LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'17	\$ 100,020	\$ 104,034	\$ 72,476	\$ 94,526	\$ 371,056
Inflows	18,093	26,062	13,432	62,608	120,196
Outflows	(1,500)	(1,473)	(10,470)	(26,550)	(39,994)
Realizations	(9,898)	(20,272)	(1,903)	(9,959)	(42,032)
Net Inflows	6,694	4,317	1,059	26,099	38,170
Market Activity	12,810	11,049	3,867	2,434	30,161
2Q'18	\$ 119,525	\$ 119,400	\$ 77,403	\$ 123,059	\$ 439,387
YoY Increase	20%	15%	7%	30%	18%

2Q'18 Highlights

Private Equity

- ▶ **Inflows:** Infrastructure (\$4.6 billion); Tactical Opportunities (\$1.0 billion); Corporate Private Equity (\$569 million); Strategic Partners (\$128 million).
- ▶ **Realizations:** Corporate Private Equity (\$862 million); Tactical Opportunities (\$706 million); Strategic Partners (\$490 million).
- ▶ **Market Activity:** Carrying value increase of 9.5% within Corporate Private Equity.

Real Estate

- ▶ **Inflows:** BREDS (\$2.1 billion); BPP U.S. and co-invest (\$1.5 billion); BREIT (\$750 million); BPP Europe and co-invest (\$331 million); final close for BREP Asia II (\$200 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$3.2 billion); BREDS (\$694 million); core+ funds (\$398 million).

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.4 billion); customized solutions (\$1.2 billion); commingled products (\$423 million).
- ▶ **Outflows and Realizations:** Customized solutions (\$2.3 billion); commingled products (\$1.5 billion); individual investor and specialized solutions (\$890 million).

Credit

- ▶ **Inflows:** Long only and MLP (\$4.6 billion); two new CLOs and three CLO refinancings (\$2.1 billion); distressed strategies (\$982 million); Blackstone Insurance Solutions (\$484 million); mezzanine funds (\$302 million); partially offset by \$2.8 billion of allocations from insurance multi-asset products to other strategies.
- ▶ **Outflows and Realizations:** BDCs (\$17.8 billion); distressed strategies (\$2.9 billion); long only and MLP (\$1.2 billion); capital returned to investors for CLOs outside investment periods (\$575 million); mezzanine funds (\$466 million); Blackstone Insurance Solutions (\$316 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

2Q'18 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'18	\$ 72,398	\$ 87,285	\$ 73,570	\$ 111,397	\$ 344,651
Inflows	7,057	5,938	2,379	5,579	20,954
Outflows	(618)	(1,382)	(4,356)	(21,548)	(27,904)
Realizations	(1,000)	(2,459)	(100)	(1,414)	(4,974)
Net Inflows (Outflows)	5,439	2,097	(2,077)	(17,384)	(11,925)
Market Activity	208	(605)	395	253	252
2Q'18	\$ 78,046	\$ 88,777	\$ 71,889	\$ 94,267	\$ 332,978
QoQ Increase (Decrease)	8%	2%	(2)%	(15)%	(3)%

2Q'18 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'17	\$ 68,030	\$ 73,710	\$ 67,824	\$ 72,370	\$ 281,935
Inflows	15,390	27,543	11,509	55,838	110,280
Outflows	(1,164)	(4,170)	(9,436)	(26,217)	(40,988)
Realizations	(4,732)	(10,654)	(1,714)	(7,732)	(24,832)
Net Inflows	9,494	12,718	359	21,890	44,460
Market Activity	522	2,348	3,706	7	6,583
2Q'18	\$ 78,046	\$ 88,777	\$ 71,889	\$ 94,267	\$ 332,978
YoY Increase	15%	20%	6%	30%	18%

2Q'18 Highlights

Private Equity

- ▶ **Inflows:** Infrastructure (\$4.5 billion); Tactical Opportunities (\$1.2 billion); Core Private Equity (\$743 million); Corporate Private Equity (\$617 million); Strategic Partners (\$140 million).
- ▶ **Realizations:** Tactical Opportunities (\$466 million); Strategic Partners (\$372 million); Corporate Private Equity (\$163 million).

Real Estate

- ▶ **Inflows:** BREDS (\$2.7 billion); BPP U.S. and co-invest (\$1.5 billion); BREIT (\$750 million); BPP Europe and co-invest (\$624 million); BREP opportunistic funds and co-invest (\$272 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$1.1 billion); BREDS (\$1.0 billion); core+ funds (\$360 million).

Hedge Fund Solutions

- ▶ **Inflows:** Customized solutions (\$1.2 billion); individual investor and specialized solutions (\$815 million); commingled products (\$398 million).
- ▶ **Outflows and Realizations:** Customized solutions (\$2.2 billion); commingled products (\$1.4 billion); individual investor and specialized solutions (\$770 million).

Credit

- ▶ **Inflows:** Long only and MLP (\$4.4 billion); two new CLOs and three CLO refinancings (\$2.1 billion); distressed strategies (\$913 million); Blackstone Insurance Solutions (\$484 million); mezzanine funds (\$424 million); partially offset by \$2.8 billion of allocations from insurance multi-asset products to other strategies.
- ▶ **Outflows and Realizations:** BDCs (\$17.8 billion); distressed strategies (\$2.8 billion); long only and MLP (\$1.2 billion); capital returned to investors for CLOs outside investment periods (\$575 million); Blackstone Insurance Solutions (\$316 million); mezzanine funds (\$268 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 Revenues

Net Accrued Performance Revenues

(Dollars in Millions, Except per Unit Data)

	1Q'18	2Q'18	2Q'18 Per Unit	QoQ Change
Private Equity				
BCP IV	\$ 70	\$ 99	\$ 0.08	\$ 29
BCP V	70	87	0.07	17
BCP VI	783	911	0.76	128
BCP VII	59	94	0.08	35
BEP I	91	142	0.12	51
BEP II	34	50	0.04	16
Tactical Opportunities	138	152	0.13	14
Strategic Partners	81	91	0.08	10
BTAS	19	30	0.02	11
Other	3	1	-	(2)
Total Private Equity	\$ 1,348	\$ 1,657	\$ 1.38	\$ 309
Real Estate				
BREP IV	10	14	0.01	4
BREP V	205	159	0.13	(46)
BREP VI	184	132	0.11	(52)
BREP VII	606	592	0.49	(14)
BREP VIII	288	317	0.26	29
BREP Europe III	61	33	0.03	(28)
BREP Europe IV	220	211	0.18	(9)
BREP Europe V	41	61	0.05	20
BREP Asia I	112	110	0.09	(2)
BPP	174	194	0.16	20
BREIT	14	10	0.01	(4)
BREDS	32	29	0.02	(3)
BTAS	25	31	0.03	6
Total Real Estate	\$ 1,972	\$ 1,893	\$ 1.57	\$ (79)
Total Hedge Fund Solutions	\$ 19	\$ 23	\$ 0.02	\$ 4
Total Credit	\$ 266	\$ 299	\$ 0.25	\$ 33
Net Accrued Performance Revenue	\$ 3,605	\$ 3,872	\$ 3.22	\$ 267
<i>Memo: Net Realized Performance Revenues</i>	<i>\$ 50</i>	<i>\$ 33</i>	<i>\$ 0.03</i>	<i>\$ (17)</i>

\$3.9 billion

Net Accrued Performance Revenues at 2Q'18

\$3.22 per unit

Net Accrued Performance Revenues at 2Q'18

\$577 million

Increase to Receivable from Net Performance Revenues in 2Q'18

\$310 million

Decrease to Receivable from Net Realized Distributions in 2Q'18

Net Accrued Performance Revenues are presented net of performance compensation and do not include clawback amounts, if any, which are disclosed in the 10-K/Q. Net Realized Performance Revenues are included in DE. Net Realized Performance Revenues above represent Performance Revenues realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Revenues 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 30, Unit Rollforward).

Investment Records as of June 30, 2018^(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	17,086	1.3x	-	2,953,649	1.4x	2,970,735	1.4x	7%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,182	207,524	872,299	0.9x	50%	20,677,725	3.2x	21,550,024	2.9x	42%	36%
BCP V (Dec 2005 / Jan 2011)	21,022,164	1,052,763	2,256,568	1.1x	30%	36,189,148	2.0x	38,445,716	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)	15,190,523	1,800,629	17,512,669	1.8x	32%	8,990,744	2.1x	26,503,413	1.9x	23%	15%
BEP I (Aug 2011 / Feb 2015)	2,436,904	168,684	2,947,107	1.7x	36%	1,416,870	2.0x	4,363,977	1.8x	29%	15%
BEP II (Feb 2015 / Feb 2021)	4,874,208	1,698,584	2,884,607	1.4x	-	65,371	2.9x	2,949,978	1.4x	n/m	15%
BCP VII (May 2016 / May 2022)	18,494,651	12,230,285	5,644,440	1.4x	-	311,717	1.2x	5,956,157	1.4x	n/m	17%
BCP Asia (Dec 2017 / Dec 2023) (e)	2,369,469	2,208,544	13,992	n/a	-	-	n/a	13,992	n/a	n/a	n/m
Total Corporate Private Equity	\$ 79,486,034	\$ 19,391,588	\$ 32,148,768	1.5x	24%	\$ 84,788,469	2.2x	\$ 116,937,237	2.0x	17%	15%
Tactical Opportunities	18,427,737	8,426,505	9,781,454	1.2x	10%	5,287,948	1.7x	15,069,402	1.4x	26%	12%
Tactical Opportunities Co-Investment and Other	5,119,604	1,409,243	3,670,283	1.2x	2%	1,198,810	1.6x	4,869,093	1.3x	n/a	18%
Strategic Partners I-V and Co-Investment (f)	11,913,113	1,796,921	2,020,522	n/m	-	15,588,672	n/m	17,609,194	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (f)	7,402,171	2,070,236	3,500,627	n/m	-	2,739,347	n/m	6,239,974	1.5x	n/a	21%
Strategic Partners VII (f)	7,669,970	2,334,958	4,876,510	n/m	-	350,751	n/m	5,227,261	1.3x	n/a	54%
Strategic Partners RA II (f)	1,806,807	1,446,595	262,612	n/m	-	12,940	n/m	275,552	1.2x	n/a	24%
BCEP (Jan 2017 / Jan 2021) (g)	4,755,620	2,605,464	2,214,439	1.0x	-	-	n/a	2,214,439	1.0x	n/a	3%
Other Funds and Co-Investment (h)	1,621,936	442,069	68,639	0.9x	22%	637,161	0.9x	705,800	0.9x	n/m	n/m
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	-	313,328	0.4x	30%	4,259,530	2.2x	4,572,858	1.7x	35%	12%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	1,181,187	2.3x	31%	12,230,080	2.3x	13,411,267	2.3x	12%	11%
BREP VI (Feb 2007 / Aug 2011)	11,060,444	556,530	1,554,579	1.6x	3%	25,908,690	2.6x	27,463,269	2.5x	14%	13%
BREP VII (Aug 2011 / Apr 2015)	13,495,034	2,058,135	11,964,442	1.7x	19%	16,641,294	2.1x	28,605,736	1.9x	29%	18%
BREP VIII (Apr 2015 / Oct 2020)	16,419,603	8,407,055	11,023,120	1.4x	2%	4,003,140	1.5x	15,026,260	1.4x	27%	17%
Total Global BREP	\$ 51,955,662	\$ 11,021,720	\$ 26,036,656	1.5x	11%	\$ 70,577,652	2.3x	\$ 96,614,308	2.0x	19%	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) (i)	1,629,748	-	140,384	0.5x	-	2,294,647	2.0x	2,435,031	1.7x	10%	8%
BREP Europe III (Jun 2008 / Sep 2013)	3,205,167	463,758	1,154,882	1.3x	-	5,199,477	2.5x	6,354,359	2.2x	21%	16%
BREP Europe IV (Sep 2013 / Dec 2016)	6,709,145	1,333,963	4,903,348	1.5x	10%	6,316,424	2.0x	11,219,772	1.8x	25%	18%
BREP Europe V (Dec 2016 / Jun 2022)	7,855,686	4,256,899	4,164,195	1.2x	4%	14,155	n/m	4,178,350	1.2x	n/m	19%
Total Euro BREP	€ 20,223,918	€ 6,054,620	€ 10,362,809	1.3x	7%	€ 15,193,719	2.1x	€ 25,556,528	1.7x	17%	14%
BREP Asia I (Jun 2013 / Dec 2017)	\$ 5,096,522	\$ 1,881,675	\$ 4,253,540	1.4x	-	\$ 2,508,819	1.8x	\$ 6,762,359	1.5x	23%	16%
BREP Asia II (Dec 2017 / Jun 2023)	7,105,707	7,008,667	262,033	n/m	-	-	n/m	262,033	n/m	n/m	n/m
BREP Co-Investment (j)	6,892,347	146,573	2,098,516	1.7x	51%	11,800,844	2.1x	13,899,360	2.1x	16%	16%
Total BREP	\$ 95,817,573	\$ 27,054,144	\$ 44,954,095	1.4x	11%	\$ 104,310,222	2.2x	\$ 149,264,317	1.9x	19%	16%
BPP (k)	\$ 25,307,653	\$ 2,882,693	\$ 25,930,125	1.2x	-	\$ 2,678,843	n/a	\$ 28,608,968	1.2x	n/m	12%
BREDS (l)	\$ 13,247,759	\$ 4,600,992	\$ 2,966,415	1.1x	-	\$ 9,474,771	1.3x	\$ 12,441,186	1.3x	12%	11%

Continued...

Investment Records as of June 30, 2018^(a) – Continued

(Dollars in Thousands, Except Where Noted)

Fund (Investment Period Beginning Date / Ending Date)

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
Hedge Fund Solutions											
BSCH (Dec 2013 / Jun 2020) (m)	\$ 3,298,575	\$ 2,356,290	\$ 973,480	1.0x	-	\$ 256,301	n/a	\$ 1,229,781	1.3x	n/a	6%
BSCH Co-Investment	276,000	164,877	102,280	0.9x	-	24,167	n/a	126,447	1.1x	n/a	9%
Total Hedge Fund Solutions	\$ 3,574,575	\$ 2,521,167	\$ 1,075,760	1.0x	-	\$ 280,468	n/a	\$ 1,356,228	1.3x	n/a	6%
Credit (n)											
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 97,114	\$ 45,909	0.8x	-	\$ 4,770,221	1.6x	\$ 4,816,130	1.6x	n/a	17%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,146,274	2,535,690	1.1x	-	4,100,043	1.6x	6,635,733	1.4x	n/a	13%
Mezzanine III (Sep 2016 / Sep 2021)	6,639,133	3,457,539	2,547,038	1.1x	-	636,892	1.5x	3,183,930	1.2x	n/a	13%
Stressed / Distressed Investing I (Sep 2009 / May 2013)	3,253,143	175,000	417,641	0.7x	-	5,568,943	1.5x	5,986,584	1.4x	n/a	11%
Stressed / Distressed Investing II (Jun 2013 / Jun 2018)	5,125,000	648,283	2,846,622	1.1x	-	2,968,264	1.4x	5,814,886	1.2x	n/a	13%
Stressed / Distressed Investing III (Dec 2017/ Dec 2022)	7,356,380	6,329,287	769,329	1.1x	-	23,341	n/a	792,670	1.1x	n/a	n/a
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,867	1,108,540	1,875,069	1.2x	-	415,064	1.7x	2,290,133	1.2x	n/a	19%
Euro											
European Senior Debt Fund (Feb 2015 / Feb 2019)	€ 1,964,689	€ 1,560,617	€ 1,811,098	1.0x	-	€ 656,896	1.5x	€ 2,467,994	1.1x	n/a	11%
Total Credit	\$ 33,616,933	\$ 14,784,215	\$ 13,151,845	1.1x	-	\$ 19,235,263	1.5x	\$ 32,387,108	1.3x	n/a	14%

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

n/m Not meaningful.

n/a Not applicable.

(a) Preliminary.

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

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

(d) Net Internal Rate of Return (“IRR”) represents the annualized inception to June 30, 2018 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.

(e) Includes foreign currency gain or loss on invested undrawn capital, if any.

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

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

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

(i) 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 9% Realized Net IRR and a 6% Total Net IRR.

(j) 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.

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

(l) Excludes Capital Trust drawdown funds.

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

(n) 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

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Net Income Attributable to The Blackstone Group L.P.	\$ 337,407	\$ 377,920	\$ 304,138	\$ 367,872	\$ 742,042	\$ 789,316	\$ 1,109,914
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	283,637	340,202	359,438	320,208	678,952	692,683	999,160
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	112,944	113,446	132,364	155,499	129,078	251,629	284,577
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	991	3,215	7,600	(1,275)	905	2,991	(370)
Net Income	\$ 734,979	\$ 834,783	\$ 803,540	\$ 842,304	\$ 1,550,977	\$ 1,736,619	\$ 2,393,281
Provision for Taxes	29,608	59,512	596,590	54,495	138,731	87,045	193,226
Income Before Provision for Taxes	\$ 764,587	\$ 894,295	\$ 1,400,130	\$ 896,799	\$ 1,689,708	\$ 1,823,664	\$ 2,586,507
Transaction-Related Charges (a)	57,831	55,714	(347,055)	52,489	(470,078)	114,810	(417,589)
Amortization of Intangibles	11,344	11,344	14,265	14,873	14,873	22,688	29,746
Impact of Consolidation (b)	(113,935)	(116,661)	(139,964)	(154,224)	(129,983)	(254,620)	(284,207)
Economic Income	\$ 719,827	\$ 844,692	\$ 927,376	\$ 809,937	\$ 1,104,520	\$ 1,706,542	\$ 1,914,457
(Taxes) (c)	(24,168)	(22,552)	(36,006)	(18,228)	(20,026)	(42,973)	(38,254)
Economic Net Income	\$ 695,659	\$ 822,140	\$ 891,370	\$ 791,709	\$ 1,084,494	\$ 1,663,569	\$ 1,876,203
Taxes (c)	24,168	22,552	36,006	18,228	20,026	42,973	38,254
Performance Revenues (d)	(739,106)	(877,932)	(1,060,401)	(910,547)	(963,483)	(1,773,487)	(1,874,030)
Principal Investment Income (e)	(67,720)	(77,572)	(55,737)	(42,671)	(146,773)	(171,679)	(189,444)
Other Revenues (f)	62,469	34,144	35,151	60,894	(94,416)	70,756	(33,522)
Net Interest (Income) Loss (g)	6,591	2,864	29,509	1,853	(2,842)	17,545	(989)
Performance Compensation (h)	303,680	356,371	434,511	373,159	386,132	700,156	759,291
Equity-Based Compensation - Non-Performance Compensation Related (i)	25,442	24,141	17,177	40,248	31,483	52,092	71,731
Fee Related Earnings	\$ 311,183	\$ 306,708	\$ 327,586	\$ 332,873	\$ 314,621	\$ 601,925	\$ 647,494
Net Realized Performance Revenues (j)	429,177	293,339	948,412	167,384	329,829	1,201,957	497,213
Realized Principal Investment Income (k)	100,887	60,188	72,225	28,693	94,647	303,781	123,340
Net Interest Income (Loss) (g)	(6,591)	(2,864)	(29,509)	(1,853)	2,842	(17,545)	989
Taxes and Related Payables Including Payable Under Tax Receivable Agreement (l)	(53,291)	(31,805)	(79,568)	(25,042)	(41,797)	(78,615)	(66,839)
Distributable Earnings	\$ 781,365	\$ 625,566	\$ 1,239,146	\$ 502,055	\$ 700,142	\$ 2,011,503	\$ 1,202,197
Interest Expense (m)	40,294	40,749	72,345	38,238	38,885	79,744	77,123
Taxes and Related Payables Including Payable Under Tax Receivable Agreement (l)	53,291	31,805	79,568	25,042	41,797	78,615	66,839
Depreciation and Amortization	6,392	6,027	6,593	6,251	5,986	12,608	12,237
Adjusted EBITDA	\$ 881,342	\$ 704,147	\$ 1,397,652	\$ 571,586	\$ 786,810	\$ 2,182,470	\$ 1,358,396

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See page 31, Definitions and Distribution Policy.

- (a) This adjustment removes Transaction-Related Charges. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures, and Blackstone's initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the tax receivable agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.
- (b) This adjustment reverses the effect of consolidating the Blackstone Funds and the elimination of non-controlling interests in the Blackstone consolidated operating partnerships.
- (c) 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.
- (d) This adjustment removes total segment Performance Revenues.
- (e) This adjustment removes total segment Principal Investment Income (Loss).
- (f) This adjustment removes total segment Other Revenues.
- (g) This adjustment removes total segment Interest and Dividend Revenue less total segment Interest Expense.
- (h) This adjustment removes the total segment amount of Performance Compensation, comprised of Incentive Fee Compensation and Performance Allocations Compensation.
- (i) This adjustment removes the component of total segment Compensation that is equity-based.
- (j) This adjustment adds the total segment amounts of Realized Incentive Fees and Realized Performance Allocations, net of realized Performance Compensation.
- (k) This adjustment adds the total segment amount of Realized Principal Investment Income.
- (l) 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.
- (m) This adjustment adds back the total segment amount of Interest Expense.

Reconciliation of GAAP to Total Segment Measures

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Management and Advisory Fees, Net							
GAAP	\$ 690,857	\$ 685,922	\$ 729,059	\$ 728,849	\$ 721,384	\$ 1,336,341	\$ 1,450,233
Consolidation and Elimination Adjustment (a)	5,979	6,060	3,333	7,195	1,610	10,076	8,805
Total Segment	\$ 696,836	\$ 691,982	\$ 732,392	\$ 736,044	\$ 722,994	\$ 1,346,417	\$ 1,459,038
Performance Revenue							
GAAP							
Incentive Fees	40,303	35,513	120,187	12,566	19,378	86,814	31,944
Investment Income - Realized Performance Allocations	602,662	434,982	1,422,262	269,640	503,376	1,714,567	773,016
Investment Income - Unrealized Performance Allocations	95,532	406,649	(483,033)	628,089	440,351	(29,089)	1,068,440
GAAP	\$ 738,497	\$ 877,144	\$ 1,059,416	\$ 910,295	\$ 963,105	\$ 1,772,292	\$ 1,873,400
Elimination Adjustment (b)	609	788	985	252	378	1,195	630
Total Segment	\$ 739,106	\$ 877,932	\$ 1,060,401	\$ 910,547	\$ 963,483	\$ 1,773,487	\$ 1,874,030
Principal Investment Income							
GAAP							
Investment Income - Realized Principal Investment Income	125,058	74,805	184,562	42,145	129,197	376,402	171,342
Investment Income - Unrealized Principal Investment Income	7,275	96,085	(20,567)	111,774	103,468	(32,913)	215,242
GAAP	\$ 132,333	\$ 170,890	\$ 163,995	\$ 153,919	\$ 232,665	\$ 343,489	\$ 386,584
Consolidation and Elimination Adjustment (c)	(64,613)	(93,318)	(108,258)	(111,248)	(85,892)	(171,810)	(197,140)
Total Segment	\$ 67,720	\$ 77,572	\$ 55,737	\$ 42,671	\$ 146,773	\$ 171,679	\$ 189,444
Interest, Dividend and Other Revenue							
GAAP							
Interest and Dividend Revenue	33,703	36,974	40,524	35,385	40,073	62,198	75,458
Other	(59,664)	(35,572)	(33,781)	(59,317)	675,343	(63,876)	616,026
GAAP	\$ (25,961)	\$ 1,402	\$ 6,743	\$ (23,932)	\$ 715,416	\$ (1,678)	\$ 691,484
Consolidation and Elimination Adjustment (d)	(2,805)	2,339	942	(577)	(579,273)	(6,879)	(579,850)
Total Segment	\$ (28,766)	\$ 3,741	\$ 7,685	\$ (24,509)	\$ 136,143	\$ (8,557)	\$ 111,634
Total Revenues							
GAAP	\$ 1,535,726	\$ 1,735,358	\$ 1,959,213	\$ 1,769,131	\$ 2,632,570	\$ 3,450,444	\$ 4,401,701
Consolidation and Elimination Adjustment (e)	(60,830)	(84,131)	(102,998)	(104,378)	(663,177)	(167,418)	(767,555)
Total Segment	\$ 1,474,896	\$ 1,651,227	\$ 1,856,215	\$ 1,664,753	\$ 1,969,393	\$ 3,283,026	\$ 3,634,146
Compensation							
GAAP	\$ 367,203	\$ 359,209	\$ 364,484	\$ 389,403	\$ 427,479	\$ 718,792	\$ 816,882
Consolidation Adjustment (f)	(61,946)	(56,411)	(58,450)	(53,076)	(110,089)	(124,508)	(163,165)
Total Segment	\$ 305,257	\$ 302,798	\$ 306,034	\$ 336,327	\$ 317,390	\$ 594,284	\$ 653,717

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18	2Q'17 YTD	2Q'18 YTD
Performance Compensation							
GAAP							
Incentive Fee Compensation	\$ 21,032	\$ 18,332	\$ 43,450	\$ 6,662	\$ 9,743	\$ 43,497	\$ 16,405
Performance Allocations Compensation - Realized	195,738	162,505	557,244	112,062	186,398	562,216	298,460
Performance Allocations Compensation - Unrealized	86,910	175,534	(166,183)	254,435	189,991	94,443	444,426
GAAP	\$ 303,680	\$ 356,371	\$ 434,511	\$ 373,159	\$ 386,132	\$ 700,156	\$ 759,291
Total Segment	\$ 303,680	\$ 356,371	\$ 434,511	\$ 373,159	\$ 386,132	\$ 700,156	\$ 759,291
Interest Expense							
GAAP	\$ 41,089	\$ 41,545	\$ 74,606	\$ 38,671	\$ 39,320	\$ 81,335	\$ 77,991
Consolidation Adjustment (g)	(795)	(796)	(2,261)	(433)	(435)	(1,591)	(868)
Total Segment	\$ 40,294	\$ 40,749	\$ 72,345	\$ 38,238	\$ 38,885	\$ 79,744	\$ 77,123
GAAP General, Administrative and Other to Total Segment Other Operating Expenses							
GAAP	\$ 119,552	\$ 121,036	\$ 138,608	\$ 126,713	\$ 145,828	\$ 228,938	\$ 272,541
Consolidation and Elimination Adjustment (h)	(13,714)	(14,419)	(22,659)	(19,621)	(23,362)	(26,638)	(42,983)
Total Segment	\$ 105,838	\$ 106,617	\$ 115,949	\$ 107,092	\$ 122,466	\$ 202,300	\$ 229,558
Total Expenses							
GAAP	\$ 881,193	\$ 904,511	\$ 1,044,901	\$ 982,931	\$ 1,016,381	\$ 1,802,966	\$ 1,999,312
Less: GAAP Fund Expenses (i)	(49,669)	(26,350)	(32,692)	(54,985)	(17,622)	(73,745)	(72,607)
Consolidation and Elimination Adjustment (i)	(76,455)	(71,626)	(83,370)	(73,130)	(133,886)	(152,737)	(207,016)
Total Segment	\$ 755,069	\$ 806,535	\$ 928,839	\$ 854,816	\$ 864,873	\$ 1,576,484	\$ 1,719,689
GAAP Income Before Provision for Taxes to Total Segment Economic Income							
GAAP							
Revenues Less Expenses	654,533	830,847	914,312	786,200	1,616,189	1,647,478	2,402,389
Other Income (j)	110,054	63,448	485,818	110,599	73,519	176,186	184,118
GAAP	\$ 764,587	\$ 894,295	\$ 1,400,130	\$ 896,799	\$ 1,689,708	\$ 1,823,664	\$ 2,586,507
Consolidation and Elimination Adjustment (k)	(44,760)	(49,603)	(472,754)	(86,862)	(585,188)	(117,122)	(672,050)
Total Segment	\$ 719,827	\$ 844,692	\$ 927,376	\$ 809,937	\$ 1,104,520	\$ 1,706,542	\$ 1,914,457

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, reported on the Consolidated Statements of Operations (page 1).

- (a) Represents (1) the add back of net management fees earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.
- (b) Represents the add back of performance revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.
- (c) Represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the inclusion of Principal Investment Income on non-consolidated Blackstone Funds which in GAAP is recorded as Other Income (Loss) - Net Gains (Losses) from Fund Investment Activities.
- (d) Represents (1) the add back of Other Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of certain Transaction-Related Charges. For the three and six months ended June 30, 2018, Transaction-Related Charges included \$580.9 million of Other Revenues received upon the conclusion of Blackstone's investment sub-advisory relationship with FS Investments' funds.
- (e) Represents the reversal of all revenue-related consolidation and elimination adjustments.
- (f) Represents transaction-related equity compensation that is not recorded in the Total Segment measures.
- (g) Represents interest expense associated with the Tax Receivable Agreement.
- (h) Represents the removal of (1) the amortization of transaction-related intangibles, and (2) certain expenses reimbursed by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.
- (i) Represents the reversal of (1) GAAP Fund Expenses, which are attributable to consolidated Blackstone Funds and not a component of the segments, and (2) all expense-related consolidation and elimination adjustments.
- (j) Represents the inclusion of Other Income (Loss) which is included in GAAP but not as a component of the Total Segment measures.
- (k) Represents all consolidation and elimination adjustments between GAAP and Total Segment measures.

Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	2Q'18		2Q'18 YTD				
	Results	Per Unit	Results	Per Unit			
▶ Management and Advisory Fees, Net	\$ 722,994		\$ 1,459,038		Fee Earnings	Distributable Earnings	
▶ Fee Related Compensation	(285,907)		(581,986)				
▶ Other Operating Expenses	(122,466)		(229,558)				
Fee Related Earnings	\$ 314,621	\$ 0.26	\$ 647,494	\$ 0.54			
▶ Net Realized Performance Revenues	329,829		497,213		Distributable Earnings		Economic Net Income
▶ Realized Principal Investment Income	94,647		123,340				
▶ Net Interest Income	2,842		989				
▶ Taxes and Related Payables	(41,797)		(66,839)				
Distributable Earnings	\$ 700,142	\$ 0.56	\$ 1,202,197	\$ 0.97			
▶ Net Unrealized Performance Revenues	250,433		624,337		Economic Net Income		
▶ Unrealized Principal Investment Income	52,126		66,104				
▶ Other Revenue	94,416		33,522				
▶ Add Back: Related Payables	21,771		28,585				
▶ Less: Equity-Based Compensation	(34,394)		(78,542)				
Economic Net Income	\$ 1,084,494	\$ 0.90	\$ 1,876,203	\$ 1.55			

See page 29, Walkdown of Financial Metrics – Calculation of Certain Non-GAAP Financial Metrics for the calculation of the amounts presented herein that are not the respective captions on page 13, Total Segments. 2Q'18 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 2Q'18 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 2Q'18 ENI per Unit is based on Weighted-Average ENI Adjusted Units. 2Q'18 YTD per Unit represents the sum of the last two quarters. See page 30, Unit Rollforward.

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

(Dollars in Thousands)	2Q'18	2Q'18 YTD
Compensation	\$ (317,390)	\$ (653,717)
Less: Equity-Based Compensation - Non-Performance Compensation Related (a)	31,483	71,731
Fee Related Compensation	\$ (285,907)	\$ (581,986)
Realized Incentive Fees	19,504	32,070
Realized Performance Allocations	503,555	773,197
Less: Realized Incentive Fees Compensation	(9,743)	(16,405)
Less: Realized Performance Allocations Compensation	(186,398)	(298,460)
Plus: Equity-Based Compensation - Performance Compensation Related (b)	2,911	6,811
Net Realized Performance Revenues	\$ 329,829	\$ 497,213
Interest Income and Dividend Revenue	41,727	78,112
Less: Interest Expense	(38,885)	(77,123)
Net Interest Income	\$ 2,842	\$ 989
Taxes and Related Payables (c)	\$ (41,797)	\$ (66,839)
Unrealized Performance Allocations	440,424	1,068,763
Less: Unrealized Performance Allocations Compensation	(189,991)	(444,426)
Net Unrealized Performance Revenues	\$ 250,433	\$ 624,337
Related Payables (d)	\$ 21,771	\$ 28,585
Equity-Based Compensation - Non-Performance Compensation Related (a)	31,483	71,731
Plus: Equity-Based Compensation - Performance Compensation Related (b)	2,911	6,811
Equity-Based Compensation (e)	\$ 34,394	\$ 78,542

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

- (a) Represents the equity-based compensation expense component of Compensation.
- (b) Represents the total equity-based compensation expense component of Realized Incentive Fees Compensation and Realized Performance Allocations Compensation.
- (c) See page 24, Note (I), Reconciliation of GAAP to Non-GAAP Measures – Quarters for this adjustment.
- (d) Represents tax-related payables including the Payable Under Tax Receivable Agreement, which is a component of Taxes and Related Payables.
- (e) Represents all equity-based compensation expenses included in Economic Income. This excludes all transaction-related equity-based charges.

Unit Rollforward

- ▶ In the first quarter of 2018, Blackstone increased its unit repurchase authorization to \$1 billion.
- ▶ Blackstone repurchased 2.2 million units in the quarter resulting in Distributable Earnings Units Outstanding of 1,203 million units.
 - Available authorization remaining was \$928 million at June 30, 2018.

	2Q'17	3Q'17	4Q'17	1Q'18	2Q'18
Total GAAP Weighted-Average Common Units Outstanding - Basic	664,681,299	667,384,727	668,781,321	674,479,140	681,794,492
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	998,974	663,474	702,960	198,934	216,118
Weighted-Average Blackstone Holdings Partnership Units	534,326,066	532,454,091	-	535,895,780	-
Total GAAP Weighted-Average Units Outstanding - Diluted	1,200,006,339	1,200,502,292	669,484,281	1,210,573,854	682,010,610
<i>Adjustments:</i>					
Weighted-Average Blackstone Holdings Partnership Units	-	-	531,139,507	-	528,872,187
Weighted-Average Economic Net Income Adjusted Units	1,200,006,339	1,200,502,292	1,200,623,788	1,210,573,854	1,210,882,797
Economic Net Income Adjusted Units, End of Period	1,199,890,628	1,200,559,970	1,200,553,187	1,210,853,058	1,208,784,937
Total Common Units Outstanding	665,503,840	667,027,762	668,733,356	676,168,743	682,801,258
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	530,678,056	532,235,827	530,472,212	528,967,264	520,175,306
Distributable Earnings Units Outstanding	1,196,181,896	1,199,263,589	1,199,205,568	1,205,136,007	1,202,976,564

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:

- **Economic Income**, or “**EI**”, represents segment net income before taxes and is used as a key measure of value creation, a benchmark of performance and in making resource deployment and compensation decisions across Blackstone’s four segments. EI presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages, and excludes the amortization of intangibles and other transaction-related charges.
 - **Transaction-Related Charges** arise from corporate actions including acquisitions, divestitures, and Blackstone’s initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the tax receivable agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.
- **Economic Net Income**, or “**ENI**”, represents EI adjusted to include current period taxes. Current period 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.
- **Fee Related Earnings**, or “**FRE**”, is used as a performance 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) cash compensation expenses (which excludes Performance Compensation), and (b) Other Operating Expenses. FRE represents EI adjusted to exclude: (a) the income related to Performance Revenue and related Performance 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.
- **Distributable Earnings**, or “**DE**”, which is derived from Blackstone’s segment reported results, is a supplemental measure used 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 is the sum across all segments of: (a) Total Management, Advisory and Other Fees, Net, (b) Interest and Dividend Revenue, (c) Realized Incentive Fees, (d) Realized Performance Allocations, and (e) Realized Principal Investment Income (Loss); less (a) Compensation, excluding the expense of equity-based awards, (b) Realized Incentive Fee Compensation, (c) Realized Performance Allocations Compensation, (d) Interest Expense, (e) Other Operating Expenses, and (f) Taxes and Related Payables Under the Tax Receivable Agreement. DE is reconciled to Blackstone’s Consolidated Statement of Operations.
- **Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization**, or “**Adjusted EBITDA**”, is a supplemental measure used to assess performance derived from Blackstone’s segment results and may be used to assess its ability to service its borrowings.
- **Performance Revenues** collectively refers to: (a) Incentive Fees, and (b) Performance Allocations.
- **Performance Compensation** collectively refers to: (a) Incentive Fee Compensation, and (b) Performance Allocations Compensation.

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, financial performance and unit repurchase and distribution activities. 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, 2017, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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