



Blackstone Reports Second Quarter 2017 Results

New York, July 20, 2017: Blackstone (NYSE:BX) today reported its second quarter 2017 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone reported strong results for our shareholders in the second quarter, which also marked the end of our first decade as a public company. The firm remains in top form – revenue, earnings, and distributions all saw double-digit growth versus the prior year, and AUM reached a new all-time high of \$371 billion, having grown fourfold since the IPO. Our LPs continue to entrust us with more of their capital to manage as we extend our expertise across more investment strategies. I’m confident that our culture of excellence, integrity and innovation will continue to serve our investors in the coming decades as well as it has in our last.”

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

Distribution

Blackstone has declared a quarterly distribution of \$0.54 per common unit to record holders of common units at the close of business on July 31, 2017. This distribution will be paid on August 7, 2017.

Quarterly Investor Call Details

Blackstone will host a conference call on July 20, 2017 at 11:00 a.m. ET to discuss second quarter 2017 results. The conference call can be accessed via the Shareholders 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 756 128 72#.

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 \$370 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.

Investor and Media Relations Contacts

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

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

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

Blackstone's Second Quarter 2017 Earnings

July 20, 2017

Blackstone's Second Quarter 2017 GAAP Results

- GAAP Net Income was \$745 million for the quarter, and \$1.8 billion year-to-date. GAAP Net Income Attributable to The Blackstone Group L.P. was \$343 million for the quarter and \$805 million year-to-date.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	2Q'16	2Q'17	% Change vs. 2Q'16	2Q'16 YTD	2Q'17 YTD	% Change vs. 2Q'16 YTD
Revenues						
Management and Advisory Fees, Net	\$ 607,823	\$ 686,586	13%	\$ 1,216,729	\$ 1,328,728	9%
Performance Fees						
Realized Carried Interest	323,734	602,160	86%	554,643	1,713,416	209%
Realized Incentive Fees	29,441	40,805	39%	57,860	87,965	52%
Unrealized Carried Interest	88,292	65,197	(26)%	135,878	(89,486)	n/m
Unrealized Incentive Fees	7,776	48,235	520%	15,355	107,644	601%
Total Performance Fees	449,243	756,397	68%	763,736	1,819,539	138%
Investment Income (Loss)						
Realized	65,037	125,058	92%	53,036	376,402	610%
Unrealized	40,102	7,275	(82)%	43,595	(32,913)	n/m
Total Investment Income	105,139	132,333	26%	96,631	343,489	255%
Interest and Dividend Revenue	22,286	33,703	51%	45,361	62,198	37%
Other	7,935	(59,664)	n/m	2,323	(63,876)	n/m
Total Revenues	1,192,426	1,549,355	30%	2,124,780	3,490,078	64%
Expenses						
Compensation and Benefits						
Compensation	355,424	367,203	3%	701,427	718,792	2%
Performance Fee Compensation						
Realized Carried Interest	87,580	195,289	123%	146,084	561,480	284%
Realized Incentive Fees	15,250	21,481	41%	29,374	44,233	51%
Unrealized Carried Interest	75,202	74,500	(1)%	105,203	70,113	(33)%
Unrealized Incentive Fees	2,689	20,600	666%	6,137	43,739	613%
Total Compensation and Benefits	536,145	679,073	27%	988,225	1,438,357	46%
General, Administrative and Other	130,988	115,281	(12)%	254,033	221,325	(13)%
Interest Expense	36,878	41,089	11%	74,234	81,335	10%
Fund Expenses	8,592	49,669	478%	13,821	73,745	434%
Total Expenses	712,603	885,112	24%	1,330,313	1,814,762	36%
Other Income						
Net Gains from Fund Investment Activities	30,703	110,054	258%	49,845	176,186	253%
Income Before Provision for Taxes	\$ 510,526	\$ 774,297	52%	\$ 844,312	\$ 1,851,502	119%
Provision for Taxes	47,415	29,608	(38)%	56,561	87,045	54%
Net Income	\$ 463,111	\$ 744,689	61%	\$ 787,751	\$ 1,764,457	124%
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,049)	991	n/m	(8,450)	2,991	n/m
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	64,729	112,944	74%	104,815	251,629	140%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	201,805	287,979	43%	333,007	705,237	112%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 198,626	\$ 342,775	73%	\$ 358,379	\$ 804,600	125%
Net Income per Common Unit, Basic	\$ 0.31	\$ 0.52	68%	\$ 0.55	\$ 1.21	120%
Net Income per Common Unit, Diluted	\$ 0.30	\$ 0.51	70%	\$ 0.54	\$ 1.20	122%

n/m = not meaningful.

Blackstone's Second Quarter 2017 Segment Highlights

- ▶ Economic Net Income (“ENI”) was \$705 million (\$0.59/unit) in the quarter, up 36% year-over-year, on \$1.5 billion of Total Segment Revenues from management fee growth and strong fund returns.
 - ENI was \$1.7 billion (\$1.41/unit) year-to-date on \$3.4 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$781 million (\$0.63/unit) in the quarter, up 58% year-over-year, with realizations resulting in \$643 million of Realized Performance Fees.
 - DE was \$2.0 billion (\$1.65/unit) year-to-date on \$1.8 billion of Realized Performance Fees.
- ▶ Fee Related Earnings (“FRE”) was \$311 million in the quarter, up 33% year-over-year, on \$697 million of Net Management and Advisory Fees.
 - FRE was \$602 million year-to-date, up 25% year-over-year, on \$1.3 billion of Net Management and Advisory Fees.
- ▶ Total Assets Under Management (“AUM”) grew to a record \$371.1 billion through a combination of continued fundraising, organic platform expansion and fund appreciation.
 - Inflows were \$12.1 billion in the quarter, bringing the last twelve months (“LTM”) inflows to \$57.4 billion.
 - Total AUM increased 4% year-over-year and Fee-Earning AUM was up 6% to \$281.9 billion.
- ▶ Capital deployed of \$8.4 billion in the quarter and \$20.2 billion year-to-date across the businesses.
- ▶ Blackstone declared a second quarter distribution of \$0.54 per common unit payable on August 7, 2017.

Blackstone's Second Quarter 2017 Segment Earnings

(Dollars in Thousands, Except per Unit Data)			% Change		% Change	
	2Q'16	2Q'17	vs. 2Q'16	2Q'16 YTD	2Q'17 YTD	vs. 2Q'16 YTD
Management and Advisory Fees, Net	\$ 612,220	\$ 696,836	14%	\$ 1,225,421	\$ 1,346,417	10%
Performance Fees	449,372	757,006	68%	763,437	1,820,734	138%
Investment Income	59,771	67,720	13%	33,121	171,679	418%
Interest Income and Dividend Revenue	35,233	53,255	51%	70,314	99,131	41%
Other	8,546	(62,469)	n/m	2,298	(70,756)	n/m
Total Revenues	1,165,142	1,512,348	30%	2,094,591	3,367,205	61%
Total Expenses	624,132	782,811	25%	1,166,136	1,632,825	40%
Taxes	21,234	24,168	14%	38,028	42,973	13%
Economic Net Income	\$ 519,776	\$ 705,369	36%	\$ 890,427	\$ 1,691,407	90%
<i>ENI per Unit</i>	<i>\$ 0.44</i>	<i>\$ 0.59</i>	<i>34%</i>	<i>\$ 0.75</i>	<i>\$ 1.41</i>	<i>88%</i>
Fee Related Earnings	\$ 234,442	\$ 311,183	33%	\$ 481,109	\$ 601,925	25%
Distributable Earnings	\$ 494,913	\$ 781,365	58%	\$ 889,128	\$ 2,011,503	126%
<i>DE per Common Unit</i>	<i>\$ 0.41</i>	<i>\$ 0.63</i>	<i>54%</i>	<i>\$ 0.74</i>	<i>\$ 1.65</i>	<i>123%</i>
Total AUM	\$ 356,281,669	\$ 371,056,281	4%	\$ 356,281,669	\$ 371,056,281	4%
Fee-Earning AUM	\$ 266,006,713	\$ 281,934,511	6%	\$ 266,006,713	\$ 281,934,511	6%

Private Equity

- ▶ Corporate Private Equity carrying value increased 2.8% in the quarter, driven by appreciation in the public and private portfolios across multiple sectors and industries.
- ▶ Realizations of \$2.8 billion in the quarter were primarily driven by public sales in Corporate Private Equity and Strategic Partners, bringing year-to-date realizations to \$9.0 billion.
- ▶ Invested \$4.2 billion in the quarter, including new Corporate Private Equity investments in Alight Solutions (formerly an Aon Hewitt business) and EagleClaw Midstream.
 - Committed an additional \$1.1 billion during the quarter, mainly driven by Ascend Learning.
- ▶ Total AUM inflows of \$1.8 billion and portfolio appreciation in the quarter drove Total AUM to \$100.0 billion.
- ▶ Fee-Earning AUM of \$68.0 billion, leading to strong Net Management and Advisory Fees of \$192 million, up 39% year-over-year due to the commencement of the investment periods for flagship funds.

(Dollars in Thousands)			% Change				% Change	
	2Q'16	2Q'17	vs. 2Q'16	2Q'16 YTD	2Q'17 YTD	vs. 2Q'16 YTD		
Management and Advisory Fees, Net	\$ 138,371	\$ 191,749	39%	\$ 271,091	\$ 374,223	38%		
Performance Fees	142,103	197,857	39%	246,260	595,705	142%		
Investment Income	20,160	16,154	(20)%	20,243	56,219	178%		
Interest Income and Dividend Revenue	9,516	12,451	31%	19,365	23,373	21%		
Other	3,395	(16,124)	n/m	1,808	(17,924)	n/m		
Total Revenues	313,545	402,087	28%	558,767	1,031,596	85%		
Compensation	83,140	90,844	9%	163,414	174,586	7%		
Performance Fee Compensation	50,396	85,279	69%	75,119	227,556	203%		
Other Operating Expenses	48,371	47,665	(1)%	96,434	90,487	(6)%		
Total Expenses	181,907	223,788	23%	334,967	492,629	47%		
Economic Income	\$ 131,638	\$ 178,299	35%	\$ 223,800	\$ 538,967	141%		
Total AUM	\$ 99,685,655	\$ 100,020,379	0%	\$ 99,685,655	\$ 100,020,379	0%		
Fee-Earning AUM	\$ 69,467,174	\$ 68,030,331	(2)%	\$ 69,467,174	\$ 68,030,331	(2)%		

2.8%

2Q'17 Increase in Corporate
Private Equity Carrying Value

\$2.8 billion

2Q'17 Realizations

\$192 million

Net Management and Advisory Fees
up 39% YoY

Real Estate

- ▶ Opportunistic funds' carrying value increased 5.4% in the quarter due to appreciation in both the private and public investment portfolios; core+ funds' carrying value increased 3.0% in the quarter.
- ▶ Sustained strong level of realizations with \$4.6 billion in the quarter driven by public stock sales of Hilton-related companies and Equity Office Properties asset sales, bringing the year-to-date total to \$11.2 billion.
 - Announced sale of Logikor, the largest direct owner of logistics properties in Europe, for €12.25 billion.
- ▶ Invested \$2.4 billion in the quarter, including in a 2.2 million square meter European urban logistics portfolio and two high quality U.S. apartment portfolios.
 - Committed an additional \$1.8 billion during the quarter, including three public-to-private transactions.
- ▶ Total AUM inflows of \$3.2 billion included €1.1 billion for the final closing of BREP Europe V, bringing total capital commitments to €7.8 billion, making it the largest dedicated European real estate fund ever; and \$530 million raised for BREDS initial high grade strategy.
 - On July 1, Blackstone's non-traded REIT reached \$1.0 billion of equity raised since its launch in January.

(Dollars in Thousands)			% Change				% Change	
	2Q'16	2Q'17	vs. 2Q'16	2Q'16 YTD	2Q'17 YTD	vs. 2Q'16 YTD		
Management Fees, Net	\$ 220,897	\$ 238,934	8%	\$ 453,003	\$ 454,542	0%		
Performance Fees	193,548	494,127	155%	396,487	1,013,327	156%		
Investment Income	11,027	37,080	236%	21,865	72,806	233%		
Interest Income and Dividend Revenue	13,084	20,998	60%	26,272	39,165	49%		
Other	2,231	(22,965)	n/m	322	(26,115)	n/m		
Total Revenues	440,787	768,174	74%	897,949	1,553,725	73%		
Compensation	102,888	110,266	7%	203,466	212,968	5%		
Performance Fee Compensation	76,540	196,077	156%	153,610	397,673	159%		
Other Operating Expenses	52,201	55,373	6%	100,298	107,342	7%		
Total Expenses	231,629	361,716	56%	457,374	717,983	57%		
Economic Income	\$ 209,158	\$ 406,458	94%	\$ 440,575	\$ 835,742	90%		
Total AUM	\$ 103,197,060	\$ 104,034,287	1%	\$ 103,197,060	\$ 104,034,287	1%		
Fee-Earning AUM	\$ 66,744,550	\$ 73,710,243	10%	\$ 66,744,550	\$ 73,710,243	10%		

5.4%

2Q'17 Increase in Opportunistic
Funds' Carrying Value

\$4.6 billion

2Q'17 Realizations

\$73.7 billion

Fee-Earning AUM up 10% YoY

Hedge Fund Solutions

- ▶ The BPS Composite gross return was 1.3% in the quarter (1.1% net), and 4.0% (3.6% net) year-to-date, continuing positive momentum in returns.
 - Gross returns of 9.5% (8.6% net) for the LTM.
- ▶ Total inflows of \$2.0 billion during the quarter and \$5.6 billion year-to-date, driven by customized solutions, commingled products and individual investor and specialized solutions.
 - July 1 subscriptions of \$457 million are not yet included in AUM.
- ▶ Total AUM increased 6% year-over-year to \$72.5 billion, driven by continued platform diversification, growth in customized strategies and individual investor solutions, and appreciation across strategies.
 - Fee-Earning AUM up 4% year-over-year to \$67.8 billion.

(Dollars in Thousands)			% Change		% Change	
	2Q'16	2Q'17	vs. 2Q'16	2Q'16 YTD	2Q'17 YTD	vs. 2Q'16 YTD
Management Fees, Net	\$ 130,118	\$ 130,394	0%	\$ 260,819	\$ 259,121	(1)%
Performance Fees	1,586	29,596	n/m	1,367	88,388	n/m
Investment Income (Loss)	8,842	11,803	33%	(8,194)	29,464	n/m
Interest Income and Dividend Revenue	5,205	8,769	68%	10,501	16,323	55%
Other	1,125	(10,720)	n/m	(263)	(12,330)	n/m
Total Revenues	146,876	169,842	16%	264,230	380,966	44%
Compensation	44,436	47,361	7%	98,605	94,965	(4)%
Performance Fee Compensation	2,043	13,782	575%	2,711	36,312	n/m
Other Operating Expenses	27,218	26,240	(4)%	53,364	52,040	(2)%
Total Expenses	73,697	87,383	19%	154,680	183,317	19%
Economic Income	\$ 73,179	\$ 82,459	13%	\$ 109,550	\$ 197,649	80%
Total AUM	\$ 68,649,878	\$ 72,476,444	6%	\$ 68,649,878	\$ 72,476,444	6%
Fee-Earning AUM	\$ 64,973,999	\$ 67,824,464	4%	\$ 64,973,999	\$ 67,824,464	4%

1.3%
2Q'17 BPS Composite Gross Return

\$2.0 billion
2Q'17 Total AUM Inflows

\$72.5 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 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 for the quarter were 1.5% and (1.2)% for Performing Credit and Distressed Strategies, respectively, with performance impacted by the decrease in commodity prices in the energy portfolio.
- ▶ Investment pace remained strong with \$2.7 billion of capital deployed or committed during the quarter, capitalizing on investment opportunities predominantly in Europe and the energy sector.
 - Deployed a record \$6.0 billion over the LTM, of which \$4.0 billion was deployed year-to-date.
- ▶ Total AUM increased 12% year-over-year reaching a record \$94.5 billion.
 - Raised \$1.3 billion towards the first closing of the successor distressed flagship fund during the quarter, with an additional \$2.9 billion closed subsequent to the quarter end.
 - Launched 10 CLOs (seven U.S. and three European) in the LTM totaling \$5.7 billion, including \$2.0 billion launched in the second quarter of 2017.
- ▶ Fee-Earning AUM increased 12% year-over-year reaching a record \$72.4 billion.

(Dollars in Thousands)			% Change		% Change	
	2Q'16	2Q'17	vs. 2Q'16	2Q'16 YTD	2Q'17 YTD	vs. 2Q'16 YTD
Management Fees, Net	\$ 122,834	\$ 135,759	11%	\$ 240,508	\$ 258,531	7%
Performance Fees	112,135	35,426	(68)%	119,323	123,314	3%
Investment Income (Loss)	19,742	2,683	(86)%	(793)	13,190	n/m
Interest Income and Dividend Revenue	7,428	11,037	49%	14,176	20,270	43%
Other	1,795	(12,660)	n/m	431	(14,387)	n/m
Total Revenues	263,934	172,245	(35)%	373,645	400,918	7%
Compensation	55,691	56,786	2%	108,073	111,765	3%
Performance Fee Compensation	51,744	16,732	(68)%	55,358	58,024	5%
Other Operating Expenses	29,464	36,406	24%	55,684	69,107	24%
Total Expenses	136,899	109,924	(20)%	219,115	238,896	9%
Economic Income	\$ 127,035	\$ 62,321	(51)%	\$ 154,530	\$ 162,022	5%
Total AUM	\$ 84,749,076	\$ 94,525,171	12%	\$ 84,749,076	\$ 94,525,171	12%
Fee-Earning AUM	\$ 64,820,990	\$ 72,369,473	12%	\$ 64,820,990	\$ 72,369,473	12%

2Q'17 Composite Gross Returns

Performing Credit	1.5%
Distressed	(1.2)%

\$2.7 billion

2Q'17 Total Capital Deployed
or Committed

\$94.5 billion

Total AUM up 12% YoY

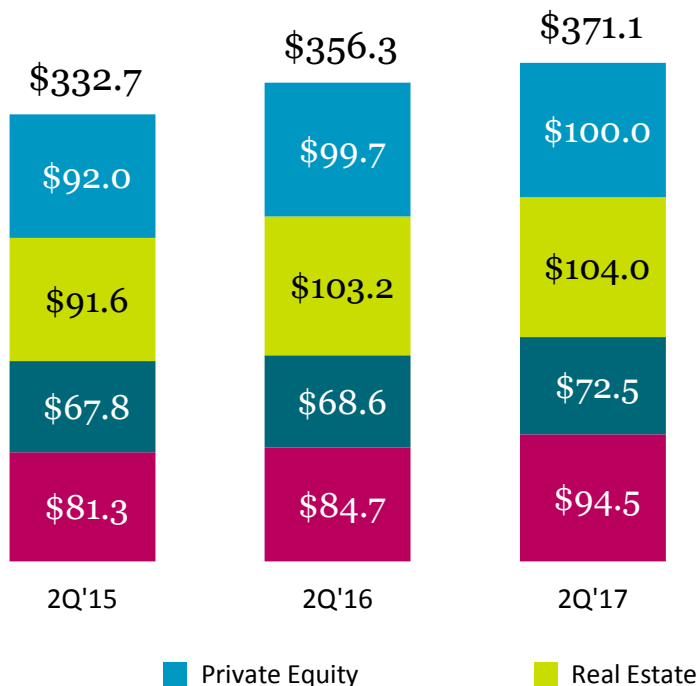
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include hedge fund strategies, rescue lending funds and distressed energy strategies. The composite gross returns represent a weighted-average composite of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end for each strategy. Composite gross returns exclude the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. Performing Credit Strategies' net composite returns were 0.5%, 2.9% and 11.2% for 2Q'17, 2Q'17 YTD and 2Q'17 LTM. Distressed Strategies' net composite returns were (1.6)%, 0.3% and 11.0% for 2Q'17, 2Q'17 YTD and 2Q'17 LTM. The breakdown of Total AUM for 2Q'17 is as follows: Distressed Strategies \$21.2 billion (34% Incentive Fee, 66% Carried Interest), Performing Credit Strategies \$38.0 billion (49% Incentive Fee, 51% Carried Interest), and Long Only \$35.3 billion. The breakdown of Fee-Earning AUM for 2Q'17 is as follows: Distressed Strategies \$12.9 billion (50% Incentive Fee, 50% Carried Interest), Performing Credit Strategies \$25.0 billion (74% Incentive Fee, 26% Carried Interest), and Long Only \$34.5 billion.

Assets Under Management

- ▶ Total AUM increased 4% year-over-year to \$371.1 billion driven by \$57.4 billion of inflows.
 - Total AUM increased despite returning \$71.6 billion of capital to investors during the LTM.
- ▶ Fee-Earning AUM of \$281.9 billion up 6% year-over-year as \$54.6 billion of inflows outpaced \$47.4 billion of realizations and outflows.

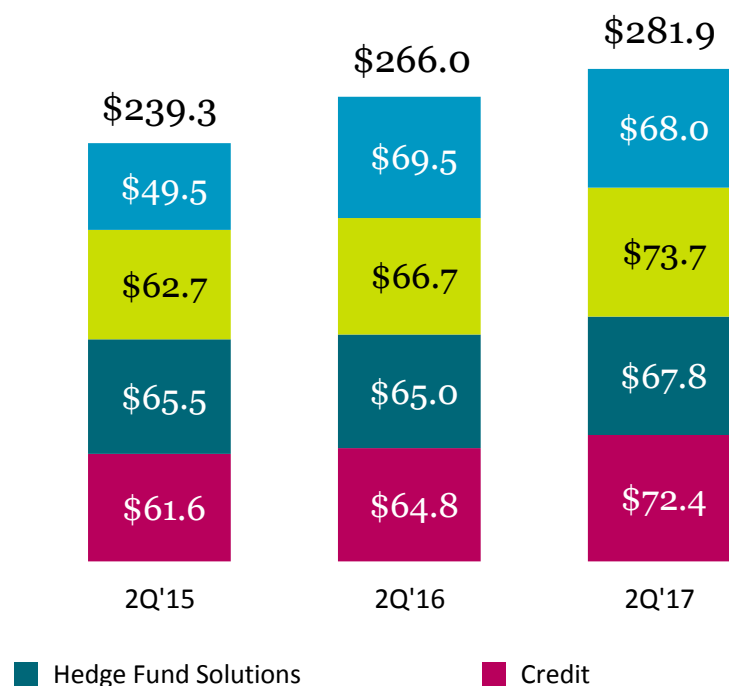
Total AUM by Segment

(Dollars in Billions)



Fee-Earning AUM by Segment

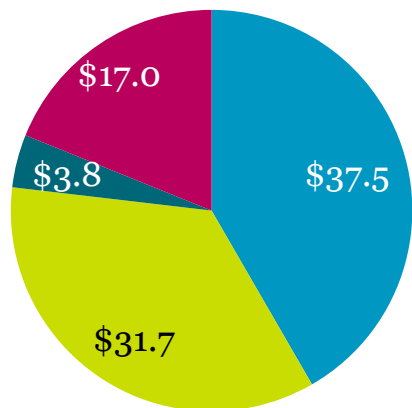
(Dollars in Billions)



Additional Capital Detail

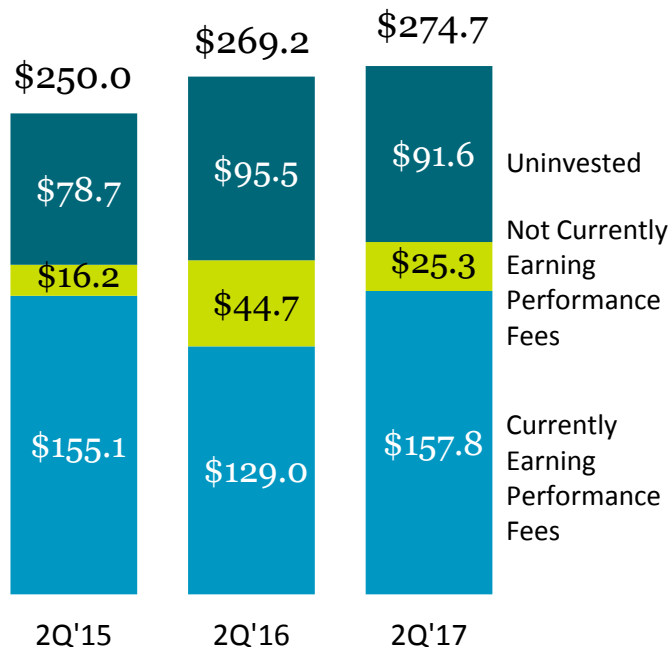
- ▶ Undrawn capital (“Total Dry Powder”) was \$90.0 billion, despite \$32.8 billion of capital deployed in the LTM.
 - 76% of Total Dry Powder was raised since the beginning of 2015.
- ▶ Performance Fee Eligible AUM reached \$274.7 billion at quarter end, up 2% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.

\$90 billion 2Q'17
Total Dry Powder



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

\$275 billion Performance
Fee Eligible AUM

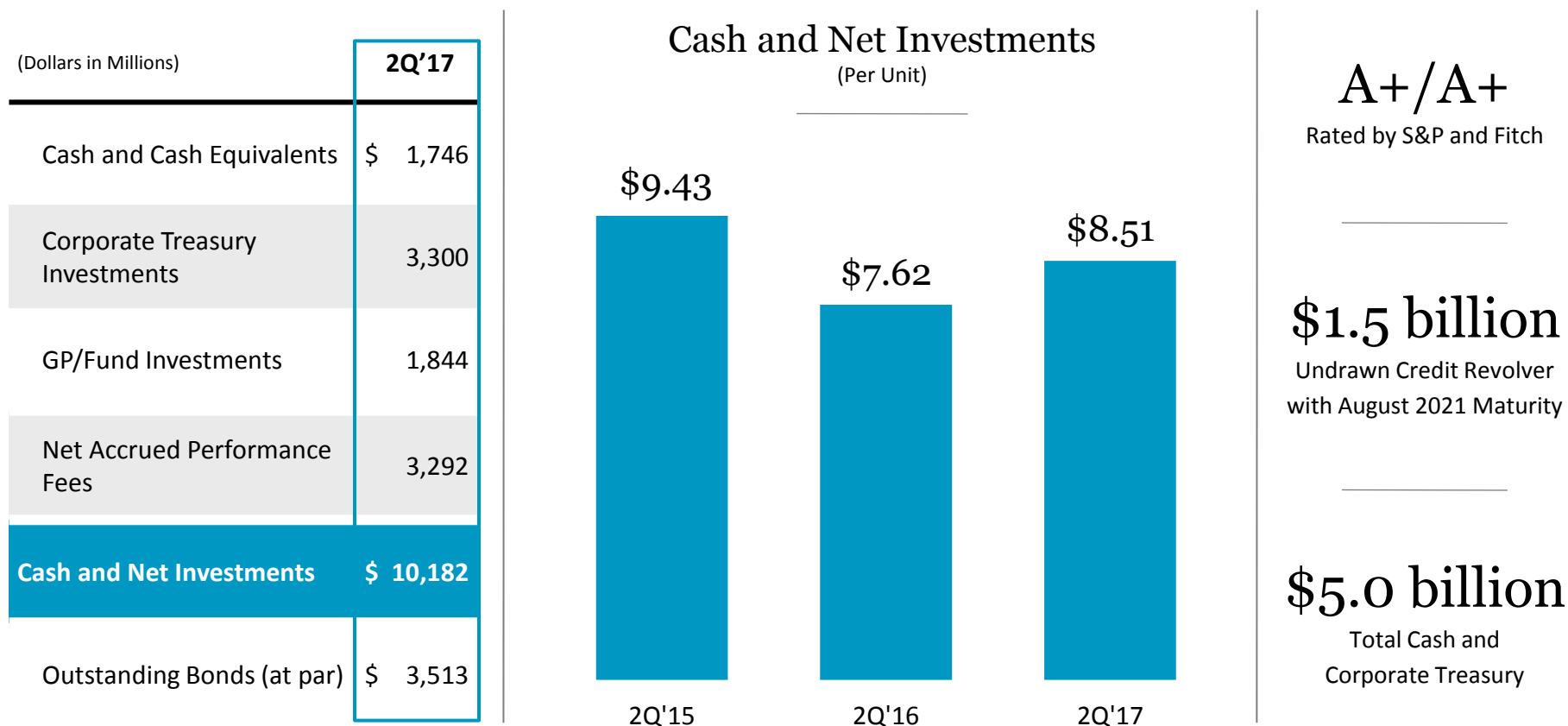


\$40 billion Not Currently
Earning Management Fees



Deconsolidated Balance Sheet Highlights

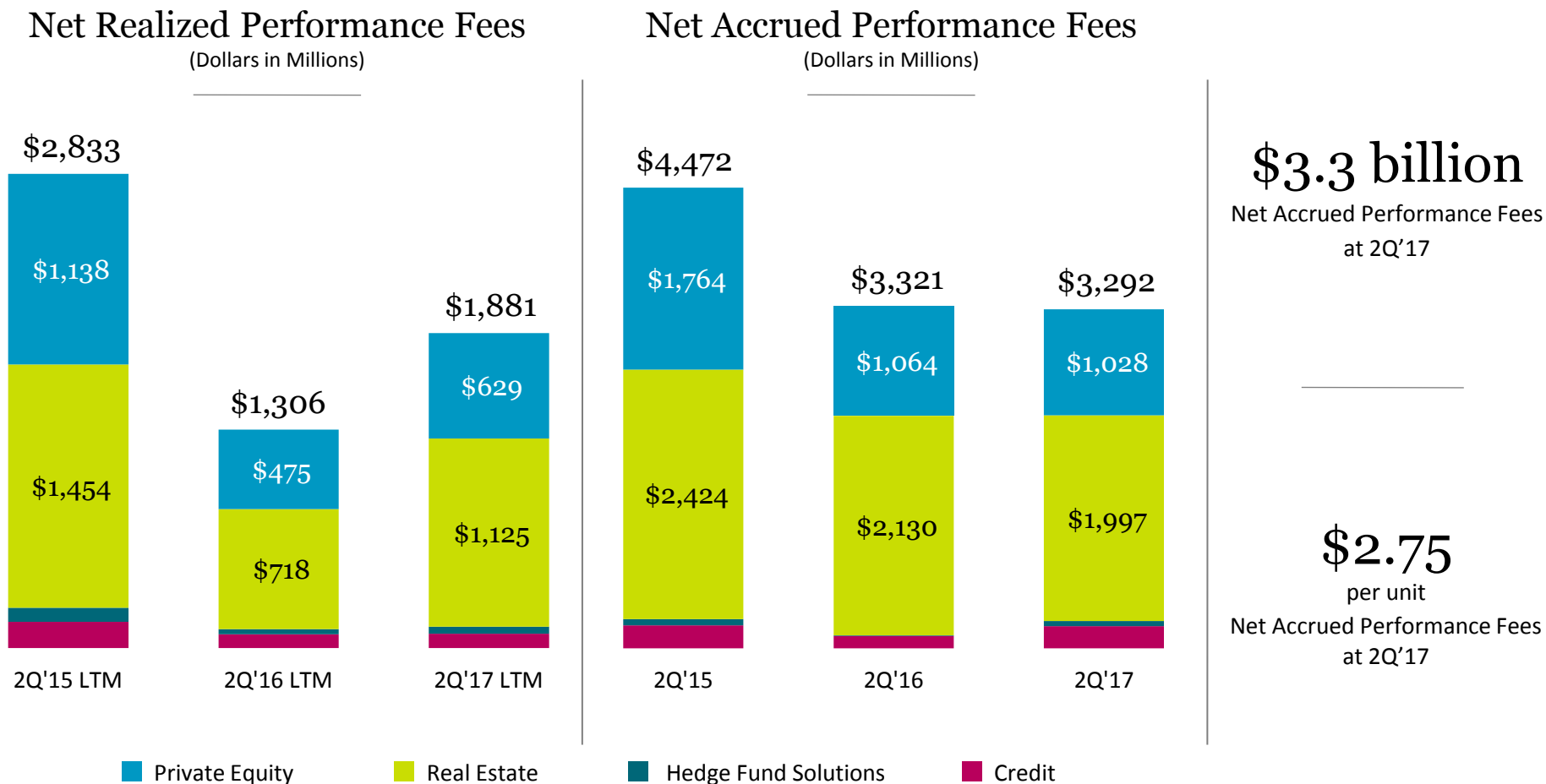
- ▶ At June 30, 2017, Blackstone had \$5.0 billion in total cash, cash equivalents, and corporate treasury investments and \$10.2 billion of cash and net investments, or \$8.51 per unit.
- ▶ Blackstone has no net debt, a \$1.5 billion undrawn credit revolver and maintains A+/A+ ratings.



Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$625 million, \$789 million, \$114 million, and \$316 million, respectively, as of June 30, 2017, \$782 million, \$1.0 billion, \$123 million, and \$267 million, respectively, as of June 30, 2016 and \$1.0 billion, \$1.1 billion, \$133 million, and \$232 million, respectively, as of June 30, 2015. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding.

Performance Fees

- ▶ Net Accrued Performance Fees were \$3.3 billion (\$2.75/unit), stable over the last twelve months with strong appreciation generating \$1.9 billion of additional Net Accrued Performance Fees that offset \$1.9 billion of realizations.



Net Accrued Performance Fees per unit is calculated using period end DE Units Outstanding (see page 30, Unit Rollforward).

Appendix

Total Segments

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 593,996	\$ 593,509	\$ 623,571	\$ 642,958	\$ 671,368	\$ 1,180,699	\$ 1,314,326
Transaction, Advisory and Other Fees, Net	33,620	29,021	35,618	40,222	38,892	80,219	79,114
Management Fee Offsets	(15,396)	(20,850)	(23,297)	(33,599)	(13,424)	(35,497)	(47,023)
Total Management and Advisory Fees, Net	612,220	601,680	635,892	649,581	696,836	1,225,421	1,346,417
Performance Fees							
Realized Carried Interest	323,734	504,022	416,250	1,111,322	602,293	554,643	1,713,615
Realized Incentive Fees	29,363	30,295	83,993	47,137	41,106	57,813	88,243
Unrealized Carried Interest	88,268	106,157	239,210	(154,747)	65,080	135,874	(89,667)
Unrealized Incentive Fees	8,007	32,172	2,450	60,016	48,527	15,107	108,543
Total Performance Fees	449,372	672,646	741,903	1,063,728	757,006	763,437	1,820,734
Investment Income (Loss)							
Realized	53,670	60,634	95,666	202,894	100,887	43,569	303,781
Unrealized	6,101	27,253	3,616	(98,935)	(33,167)	(10,448)	(132,102)
Total Investment Income	59,771	87,887	99,282	103,959	67,720	33,121	171,679
Interest Income and Dividend Revenue	35,233	33,081	42,488	45,876	53,255	70,314	99,131
Other	8,546	(425)	52,839	(8,287)	(62,469)	2,298	(70,756)
Total Revenues	1,165,142	1,394,869	1,572,404	1,854,857	1,512,348	2,094,591	3,367,205
Expenses							
Compensation	286,155	268,595	241,063	289,027	305,257	573,558	594,284
Performance Fee Compensation							
Realized Carried Interest	87,581	168,427	141,443	366,191	195,289	146,084	561,480
Realized Incentive Fees	15,251	15,436	33,286	22,752	21,481	29,374	44,233
Unrealized Carried Interest	75,202	70,044	137,591	(4,387)	74,500	105,203	70,113
Unrealized Incentive Fees	2,689	13,508	1,489	23,139	20,600	6,137	43,739
Total Compensation and Benefits	466,878	536,010	554,872	696,722	617,127	860,356	1,313,849
Other Operating Expenses	157,254	150,890	172,672	153,292	165,684	305,780	318,976
Total Expenses	624,132	686,900	727,544	850,014	782,811	1,166,136	1,632,825
Economic Income	\$ 541,010	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 928,455	\$ 1,734,380
Economic Net Income	\$ 519,776	\$ 686,984	\$ 811,610	\$ 986,038	\$ 705,369	\$ 890,427	\$ 1,691,407
Fee Related Earnings	\$ 234,442	\$ 246,084	\$ 294,495	\$ 290,742	\$ 311,183	\$ 481,109	\$ 601,925
Distributable Earnings	\$ 494,913	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 889,128	\$ 2,011,503
Total Assets Under Management	\$ 356,281,669	\$ 361,040,173	\$ 366,553,465	\$ 368,196,917	\$ 371,056,281	\$ 356,281,669	\$ 371,056,281
Fee-Earning Assets Under Management	\$ 266,006,713	\$ 267,757,727	\$ 277,092,672	\$ 280,215,551	\$ 281,934,511	\$ 266,006,713	\$ 281,934,511
Weighted Average Fee-Earning AUM	\$ 259,756,363	\$ 268,503,412	\$ 274,475,842	\$ 279,582,971	\$ 281,966,547	\$ 255,511,902	\$ 281,109,401
LP Capital Invested	\$ 3,795,171	\$ 4,136,405	\$ 7,974,603	\$ 9,709,930	\$ 7,799,624	\$ 10,310,742	\$ 17,509,554
Total Capital Invested	\$ 4,049,774	\$ 4,310,564	\$ 8,221,697	\$ 11,840,913	\$ 8,382,583	\$ 10,743,149	\$ 20,223,496

Note: The amounts reported for LP and Total Capital Invested for the periods 3Q'16 through 1Q'17 reflect an adjustment in the Hedge Fund Solutions segment from those previously reported.

Private Equity

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 131,477	\$ 131,708	\$ 160,301	\$ 177,464	\$ 176,555	\$ 262,125	\$ 354,019
Transaction, Advisory and Other Fees, Net	11,089	12,892	8,972	17,200	18,947	20,009	36,147
Management Fee Offsets	(4,195)	(12,917)	(10,850)	(12,190)	(3,753)	(11,043)	(15,943)
Total Management and Advisory Fees, Net	138,371	131,683	158,423	182,474	191,749	271,091	374,223
Performance Fees							
Realized Carried Interest	57,056	26,398	131,532	582,681	197,257	87,338	779,938
Unrealized Carried Interest	85,047	144,597	121,262	(184,833)	600	158,922	(184,233)
Total Performance Fees	142,103	170,995	252,794	397,848	197,857	246,260	595,705
Investment Income (Loss)							
Realized	22,926	15,469	50,339	80,889	41,168	7,569	122,057
Unrealized	(2,766)	8,884	(26,401)	(40,824)	(25,014)	12,674	(65,838)
Total Investment Income	20,160	24,353	23,938	40,065	16,154	20,243	56,219
Interest Income and Dividend Revenue	9,516	9,160	11,746	10,922	12,451	19,365	23,373
Other	3,395	411	18,239	(1,800)	(16,124)	1,808	(17,924)
Total Revenues	313,545	336,602	465,140	629,509	402,087	558,767	1,031,596
Expenses							
Compensation	83,140	73,889	73,154	83,742	90,844	163,414	174,586
Performance Fee Compensation							
Realized Carried Interest	30,946	13,741	50,768	181,633	63,060	46,373	244,693
Unrealized Carried Interest	19,450	69,300	65,891	(39,356)	22,219	28,746	(17,137)
Total Compensation and Benefits	133,536	156,930	189,813	226,019	176,123	238,533	402,142
Other Operating Expenses	48,371	47,534	52,465	42,822	47,665	96,434	90,487
Total Expenses	181,907	204,464	242,278	268,841	223,788	334,967	492,629
Economic Income	\$ 131,638	\$ 132,138	\$ 222,862	\$ 360,668	\$ 178,299	\$ 223,800	\$ 538,967
Total Assets Under Management	\$ 99,685,655	\$ 99,722,322	\$ 100,192,950	\$ 99,711,406	\$ 100,020,379	\$ 99,685,655	\$ 100,020,379
Fee-Earning Assets Under Management	\$ 69,467,174	\$ 69,347,910	\$ 69,113,409	\$ 68,231,620	\$ 68,030,331	\$ 69,467,174	\$ 68,030,331
Weighted Average Fee-Earning AUM	\$ 63,363,932	\$ 69,546,251	\$ 69,616,781	\$ 68,618,130	\$ 68,196,699	\$ 60,146,649	\$ 68,733,312
LP Capital Invested	\$ 1,538,436	\$ 1,683,747	\$ 2,355,726	\$ 4,736,388	\$ 3,846,841	\$ 3,404,134	\$ 8,583,229
Total Capital Invested	\$ 1,637,601	\$ 1,804,304	\$ 2,495,215	\$ 6,748,859	\$ 4,221,479	\$ 3,611,992	\$ 10,970,338

Real Estate

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 201,004	\$ 197,629	\$ 196,621	\$ 197,879	\$ 227,865	\$ 400,911	\$ 425,744
Transaction and Other Fees, Net	21,112	14,190	24,228	21,279	16,087	56,906	37,366
Management Fee Offsets	(1,219)	(842)	(1,666)	(3,550)	(5,018)	(4,814)	(8,568)
Total Management Fees, Net	220,897	210,977	219,183	215,608	238,934	453,003	454,542
Performance Fees							
Realized Carried Interest	266,382	461,980	274,495	519,841	389,004	467,009	908,845
Realized Incentive Fees	6,099	3,857	15,600	2,914	5,315	10,168	8,229
Unrealized Carried Interest	(84,875)	(113,449)	58,849	(22,268)	77,200	(96,397)	54,932
Unrealized Incentive Fees	5,942	14,445	9,375	18,713	22,608	15,707	41,321
Total Performance Fees	193,548	366,833	358,319	519,200	494,127	396,487	1,013,327
Investment Income (Loss)							
Realized	19,929	46,704	43,104	119,579	57,599	32,904	177,178
Unrealized	(8,902)	(6,725)	16,645	(83,853)	(20,519)	(11,039)	(104,372)
Total Investment Income	11,027	39,979	59,749	35,726	37,080	21,865	72,806
Interest Income and Dividend Revenue	13,084	12,460	15,508	18,167	20,998	26,272	39,165
Other	2,231	(548)	16,749	(3,150)	(22,965)	322	(26,115)
Total Revenues	440,787	629,701	669,508	785,551	768,174	897,949	1,553,725
Expenses							
Compensation							
Performance Fee Compensation	102,888	99,886	82,000	102,702	110,266	203,466	212,968
Realized Carried Interest							
Realized Carried Interest	56,441	147,419	85,686	179,925	124,292	99,517	304,217
Realized Incentive Fees							
Realized Incentive Fees	3,300	1,764	4,888	1,364	2,931	5,433	4,295
Unrealized Carried Interest							
Unrealized Carried Interest	14,257	(38,972)	41,787	11,798	59,174	41,960	70,972
Unrealized Incentive Fees							
Unrealized Incentive Fees	2,542	6,229	3,943	8,509	9,680	6,700	18,189
Total Compensation and Benefits	179,428	216,326	218,304	304,298	306,343	357,076	610,641
Other Operating Expenses	52,201	47,908	55,756	51,969	55,373	100,298	107,342
Total Expenses	231,629	264,234	274,060	356,267	361,716	457,374	717,983
Economic Income	\$ 209,158	\$ 365,467	\$ 395,448	\$ 429,284	\$ 406,458	\$ 440,575	\$ 835,742
Total Assets Under Management	\$ 103,197,060	\$ 101,876,562	\$ 101,963,652	\$ 102,070,930	\$ 104,034,287	\$ 103,197,060	\$ 104,034,287
Fee-Earning Assets Under Management	\$ 66,744,550	\$ 65,785,083	\$ 72,030,054	\$ 71,904,741	\$ 73,710,243	\$ 66,744,550	\$ 73,710,243
Weighted Average Fee-Earning AUM	\$ 67,215,301	\$ 66,708,328	\$ 68,688,082	\$ 72,268,792	\$ 73,320,319	\$ 67,306,366	\$ 72,769,703
LP Capital Invested	\$ 1,524,415	\$ 1,719,764	\$ 3,978,386	\$ 2,590,419	\$ 2,371,918	\$ 5,271,596	\$ 4,962,337
Total Capital Invested	\$ 1,557,192	\$ 1,749,778	\$ 4,048,827	\$ 2,651,965	\$ 2,379,922	\$ 5,377,652	\$ 5,031,887

Hedge Fund Solutions

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 130,123	\$ 130,305	\$ 131,150	\$ 128,468	\$ 128,698	\$ 260,281	\$ 257,166
Transaction and Other Fees, Net	(5)	116	407	259	1,696	538	1,955
Total Management Fees, Net	130,118	130,421	131,557	128,727	130,394	260,819	259,121
Performance Fees							
Realized Incentive Fees	(251)	4,572	35,172	14,684	6,995	2,433	21,679
Unrealized Carried Interest	801	(84)	(245)	3,797	143	833	3,940
Unrealized Incentive Fees	1,036	12,038	(9,354)	40,311	22,458	(1,899)	62,769
Total Performance Fees	1,586	16,526	25,573	58,792	29,596	1,367	88,388
Investment Income (Loss)							
Realized	(515)	(1,211)	(753)	(632)	225	(5,260)	(407)
Unrealized	9,357	12,219	6,177	18,293	11,578	(2,934)	29,871
Total Investment Income (Loss)	8,842	11,008	5,424	17,661	11,803	(8,194)	29,464
Interest Income and Dividend Revenue	5,205	4,692	7,890	7,554	8,769	10,501	16,323
Other	1,125	(260)	8,680	(1,610)	(10,720)	(263)	(12,330)
Total Revenues	146,876	162,387	179,124	211,124	169,842	264,230	380,966
Expenses							
Compensation	44,436	47,206	39,509	47,604	47,361	98,605	94,965
Performance Fee Compensation							
Realized Incentive Fees	1,325	2,902	13,307	7,317	4,362	3,188	11,679
Unrealized Carried Interest	238	35	(92)	1,209	178	238	1,387
Unrealized Incentive Fees	480	4,557	(3,550)	14,004	9,242	(715)	23,246
Total Compensation and Benefits	46,479	54,700	49,174	70,134	61,143	101,316	131,277
Other Operating Expenses	27,218	27,432	27,840	25,800	26,240	53,364	52,040
Total Expenses	73,697	82,132	77,014	95,934	87,383	154,680	183,317
Economic Income	\$ 73,179	\$ 80,255	\$ 102,110	\$ 115,190	\$ 82,459	\$ 109,550	\$ 197,649
Total Assets Under Management	\$ 68,649,878	\$ 70,113,508	\$ 71,119,718	\$ 73,303,381	\$ 72,476,444	\$ 68,649,878	\$ 72,476,444
Fee-Earning Assets Under Management	\$ 64,973,999	\$ 66,434,971	\$ 66,987,553	\$ 68,812,528	\$ 67,824,464	\$ 64,973,999	\$ 67,824,464
Weighted Average Fee-Earning AUM	\$ 65,520,626	\$ 66,600,260	\$ 67,993,100	\$ 68,406,531	\$ 69,301,130	\$ 65,436,771	\$ 68,853,830
LP Capital Invested	\$ 32,804	\$ 144,505	\$ 260,482	\$ 121,857	\$ 89,985	\$ 348,561	\$ 211,842
Total Capital Invested	\$ 32,809	\$ 151,099	\$ 260,742	\$ 121,888	\$ 93,191	\$ 362,602	\$ 215,079

Note: The amounts reported for LP and Total Capital Invested for the periods 3Q'16 through 1Q'17 reflect an adjustment from those previously reported.

Credit

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 131,392	\$ 133,867	\$ 135,499	\$ 139,147	\$ 138,250	\$ 257,382	\$ 277,397
Transaction and Other Fees, Net	1,424	1,823	2,011	1,484	2,162	2,766	3,646
Management Fee Offsets	(9,982)	(7,091)	(10,781)	(17,859)	(4,653)	(19,640)	(22,512)
Total Management Fees, Net	122,834	128,599	126,729	122,772	135,759	240,508	258,531
Performance Fees							
Realized Carried Interest	296	15,644	10,223	8,800	16,032	296	24,832
Realized Incentive Fees	23,515	21,866	33,221	29,539	28,796	45,212	58,335
Unrealized Carried Interest	87,295	75,093	59,344	48,557	(12,863)	72,516	35,694
Unrealized Incentive Fees	1,029	5,689	2,429	992	3,461	1,299	4,453
Total Performance Fees	112,135	118,292	105,217	87,888	35,426	119,323	123,314
Investment Income (Loss)							
Realized	11,330	(328)	2,976	3,058	1,895	8,356	4,953
Unrealized	8,412	12,875	7,195	7,449	788	(9,149)	8,237
Total Investment Income (Loss)	19,742	12,547	10,171	10,507	2,683	(793)	13,190
Interest Income and Dividend Revenue	7,428	6,769	7,344	9,233	11,037	14,176	20,270
Other	1,795	(28)	9,171	(1,727)	(12,660)	431	(14,387)
Total Revenues	263,934	266,179	258,632	228,673	172,245	373,645	400,918
Expenses							
Compensation	55,691	47,614	46,400	54,979	56,786	108,073	111,765
Performance Fee Compensation							
Realized Carried Interest	194	7,267	4,989	4,633	7,937	194	12,570
Realized Incentive Fees	10,626	10,770	15,091	14,071	14,188	20,753	28,259
Unrealized Carried Interest	41,257	39,681	30,005	21,962	(7,071)	34,259	14,891
Unrealized Incentive Fees	(333)	2,722	1,096	626	1,678	152	2,304
Total Compensation and Benefits	107,435	108,054	97,581	96,271	73,518	163,431	169,789
Other Operating Expenses	29,464	28,016	36,611	32,701	36,406	55,684	69,107
Total Expenses	136,899	136,070	134,192	128,972	109,924	219,115	238,896
Economic Income	\$ 127,035	\$ 130,109	\$ 124,440	\$ 99,701	\$ 62,321	\$ 154,530	\$ 162,022
Total Assets Under Management	\$ 84,749,076	\$ 89,327,781	\$ 93,277,145	\$ 93,111,200	\$ 94,525,171	\$ 84,749,076	\$ 94,525,171
Fee-Earning Assets Under Management	\$ 64,820,990	\$ 66,189,763	\$ 68,961,656	\$ 71,266,662	\$ 72,369,473	\$ 64,820,990	\$ 72,369,473
Weighted Average Fee-Earning AUM	\$ 63,656,504	\$ 65,648,573	\$ 68,177,879	\$ 70,289,518	\$ 71,148,399	\$ 62,622,116	\$ 70,752,556
LP Capital Invested	\$ 699,516	\$ 588,389	\$ 1,380,009	\$ 2,261,266	\$ 1,490,880	\$ 1,286,451	\$ 3,752,146
Total Capital Invested	\$ 822,172	\$ 605,383	\$ 1,416,913	\$ 2,318,201	\$ 1,687,991	\$ 1,390,903	\$ 4,006,192

Unitholder Distribution

- ▶ Generated \$0.63 of Distributable Earnings per common unit during the quarter, up 54% from the prior year, bringing the year-to-date amount to \$1.65 per common unit.
- ▶ Declared a quarterly distribution of \$0.54 per common unit to record holders as of July 31, 2017; payable on August 7, 2017.

(Dollars in Thousands, Except per Unit Data)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	% Change		2Q'17 YTD	% Change	
						vs. 2Q'16	2Q'16 YTD		vs. 2Q'16 YTD	
Distributable Earnings	\$ 494,913	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	58%	\$ 889,128	\$ 2,011,503	126%	
Add: Other Payables Attributable to Common Unitholders	10,438	30,576	41,304	6,632	29,808	186%	10,438	36,440	249%	
DE before Certain Payables	505,351	624,029	680,298	1,236,770	811,173	61%	899,566	2,047,943	128%	
Percent to Common Unitholders	54%	54%	55%	55%	56%		54%	55%		
DE before Certain Payables Attributable to Common Unitholders	274,711	340,069	373,655	683,473	451,302	64%	488,384	1,134,775	132%	
Less: Other Payables Attributable to Common Unitholders	(10,438)	(30,576)	(41,304)	(6,632)	(29,808)	186%	(10,438)	(36,440)	249%	
DE Attributable to Common Unitholders	264,273	309,493	332,351	676,841	421,494	59%	477,946	1,098,335	130%	
DE per Common Unit	\$ 0.41	\$ 0.48	\$ 0.51	\$ 1.02	\$ 0.63	54%	\$ 0.74	\$ 1.65	123%	
Less: Retained Capital per Common Unit	\$ (0.05)	\$ (0.07)	\$ (0.04)	\$ (0.15)	\$ (0.09)	80%	\$ (0.10)	\$ (0.24)	140%	
Actual Distribution per Common Unit	\$ 0.36	\$ 0.41	\$ 0.47	\$ 0.87	\$ 0.54	50%	\$ 0.64	\$ 1.41	120%	
Record Date					July 31, 2017					
Payable Date					Aug 7, 2017					

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 \$60 million for 2Q'17 and \$159 million for 2Q'17 YTD.

Total Assets Under Management

2Q'17 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'17	\$ 99,711	\$ 102,071	\$ 73,303	\$ 93,111	\$ 368,197
Inflows	1,754	3,200	1,969	5,149	12,071
Outflows	(313)	(867)	(3,361)	(1,110)	(5,651)
Realizations	(2,796)	(4,564)	(186)	(3,550)	(11,096)
Net Inflows (Outflows)	(1,355)	(2,232)	(1,578)	489	(4,676)
Market Activity	1,664	4,195	751	925	7,535
2Q'17	\$ 100,020	\$ 104,034	\$ 72,476	\$ 94,525	\$ 371,056
QoQ Increase (Decrease)	0%	2%	(1)%	2%	1%

2Q'17 LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'16	\$ 99,686	\$ 103,197	\$ 68,650	\$ 84,749	\$ 356,282
Inflows	10,924	12,077	11,186	23,251	57,438
Outflows	(1,257)	(1,164)	(11,106)	(6,674)	(20,201)
Realizations	(17,251)	(22,239)	(943)	(10,961)	(51,395)
Net Inflows (Outflows)	(7,585)	(11,326)	(863)	5,616	(14,158)
Market Activity	7,919	12,163	4,689	4,160	28,932
2Q'17	\$ 100,020	\$ 104,034	\$ 72,476	\$ 94,525	\$ 371,056
YoY Increase	0%	1%	6%	12%	4%

2Q'17 Highlights

Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$717 million); Core Private Equity (\$626 million); Strategic Partners (\$263 million).
- ▶ **Realizations:** Corporate Private Equity (\$2.0 billion); Strategic Partners (\$557 million); Tactical Opportunities (\$187 million).
- ▶ **Market Activity:** Carrying value increase of 2.8% within Corporate Private Equity and 4.7% within Tactical Opportunities.

Real Estate

- ▶ **Inflows:** BREP opportunistic funds (\$1.3 billion); BREDS (\$1.2 billion); BREIT (\$417 million); core+ funds (\$285 million).
- ▶ **Realizations:** BREP opportunistic funds (\$3.5 billion); BREP co-investment (\$664 million); BREDS (\$279 million); core+ funds (\$127 million).
- ▶ **Market Activity:** Carrying value increases of 5.4% and 3.0% within the opportunistic and core+ funds, respectively.

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.0 billion); customized solutions (\$546 million); commingled products (\$404 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$1.4 billion); commingled products (\$1.3 billion); customized solutions (\$797 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 1.3% gross (1.1% net) during the quarter.

Credit

- ▶ **Inflows:** Three new CLOs (\$2.0 billion); distressed strategies (\$1.5 billion); long only (\$977 million); BDCs (\$438 million).
- ▶ **Outflows and Realizations:** Capital returned to investors for CLOs outside investment periods (\$2.6 billion); distressed strategies (\$352 million); dividends from BDCs (\$247 million).

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

Fee-Earning Assets Under Management

2Q'17 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
1Q'17	\$ 68,232	\$ 71,905	\$ 68,813	\$ 71,267	\$ 280,216
Inflows	2,242	3,376	1,805	4,924	12,348
Outflows	(1,141)	(99)	(3,330)	(904)	(5,473)
Realizations	(1,400)	(2,371)	(177)	(3,277)	(7,225)
Net Inflows (Outflows)	(299)	906	(1,701)	744	(351)
Market Activity	97	899	713	359	2,069
2Q'17	\$ 68,030	\$ 73,710	\$ 67,824	\$ 72,369	\$ 281,935
QoQ Increase (Decrease)	(0)%	3%	(1)%	2%	1%

2Q'17 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'16	\$ 69,467	\$ 66,745	\$ 64,974	\$ 64,821	\$ 266,007
Inflows	8,050	17,255	10,239	19,066	54,610
Outflows	(1,656)	(2,232)	(10,768)	(4,126)	(18,783)
Realizations	(8,349)	(9,665)	(863)	(9,744)	(28,621)
Net Inflows (Outflows)	(1,955)	5,359	(1,393)	5,196	7,207
Market Activity	518	1,607	4,243	2,353	8,721
2Q'17	\$ 68,030	\$ 73,710	\$ 67,824	\$ 72,369	\$ 281,935
YoY Increase (Decrease)	(2)%	10%	4%	12%	6%

2Q'17 Highlights

Private Equity

- ▶ **Inflows:** Core Private Equity (\$771 million); Tactical Opportunities (\$615 million); Strategic Partners (\$470 million).
- ▶ **Realizations:** Corporate Private Equity (\$697 million); Strategic Partners (\$612 million).

Real Estate

- ▶ **Inflows:** BREDS (\$1.7 billion); BREP opportunistic funds (\$776 million); core+ funds (\$466 million); BREIT (\$417 million).
- ▶ **Realizations:** BREP opportunistic funds (\$1.2 billion); BREDS (\$734 million); BREP co-investment (\$347 million); core+ funds (\$96 million).

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$982 million); customized solutions (\$462 million); commingled products (\$361 million).
- ▶ **Outflows and Realizations:** Commingled products (\$1.4 billion); individual investor and specialized solutions (\$1.3 billion); customized solutions (\$797 million).

Credit

- ▶ **Inflows:** Three new CLOs (\$2.0 billion); mezzanine funds (\$1.2 billion); long only (\$895 million); BDCs (\$438 million); distressed strategies (\$373 million).
- ▶ **Outflows and Realizations:** Capital returned to investors for CLOs outside investment periods (\$2.5 billion); dividends from BDCs (\$247 million); distressed strategies (\$221 million).

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

Net Accrued Performance Fees

(Dollars in Millions, Except per Unit Data)	Net Accrued Performance Fees			
	1Q'17	2Q'17	2Q'17 Per Unit	QoQ Change
Private Equity				
BCP IV Carried Interest	\$ 109	\$ 86	\$ 0.07	\$ (23)
BCP V Carried Interest	128	68	0.06	(60)
BCP VI Carried Interest	560	579	0.48	19
BEP I Carried Interest	99	89	0.07	(10)
BEP II Carried Interest	11	12	0.01	1
Tactical Opportunities Carried Interest	104	117	0.10	13
BTAS Carried Interest	21	27	0.02	6
Strategic Partners Carried Interest	38	46	0.04	8
Other Carried Interest	3	4	-	1
Total Private Equity	\$ 1,073	\$ 1,028	\$ 0.86	\$ (45)
Real Estate				
BREP IV Carried Interest	7	8	0.01	1
BREP V Carried Interest	265	238	0.20	(27)
BREP VI Carried Interest	316	229	0.19	(87)
BREP VII Carried Interest	552	544	0.45	(8)
BREP VIII Carried Interest	179	211	0.18	32
BREP Europe III Carried Interest	161	169	0.14	8
BREP Europe IV Carried Interest	289	367	0.31	78
BREP Asia Carried Interest	96	76	0.06	(20)
BPP Carried Interest	64	70	0.06	6
BPP Incentive Fees	41	48	0.04	7
BREIT Incentive Fees	-	3	-	3
BREDS Carried Interest	16	17	0.01	1
BREDS Incentive Fees	5	10	0.01	5
Asia Platform Incentive Fees	7	7	0.01	-
Total Real Estate	\$ 1,998	\$ 1,997	\$ 1.67	\$ (1)
Hedge Fund Solutions				
Incentive Fees	38	50	0.04	12
Total Hedge Fund Solutions	\$ 38	\$ 50	\$ 0.04	\$ 12
Credit				
Carried Interest	195	192	0.16	(3)
Incentive Fees	26	25	0.02	(1)
Total Credit	\$ 221	\$ 217	\$ 0.18	\$ (4)
Total Blackstone				
Carried Interest	3,213	3,149	2.63	(64)
Incentive Fees	117	143	0.12	26
Net Accrued Performance Fees	\$ 3,330	\$ 3,292	\$ 2.75	\$ (38)
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 91</i>	<i>\$ 42</i>	<i>\$ 0.04</i>	<i>\$ (49)</i>

\$3.3 billion

Net Accrued Performance Fees at 2Q'17

\$2.75 per unit

Net Accrued Performance Fees at 2Q'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 30, Unit Rollforward).

Investment Records as of June 30, 2017^(a)

	Committed Capital		Available Capital (b)		Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)				
					Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total			
Private Equity																
BCP I (Oct 1987 / Oct 1993)	\$	859,081	\$	-	\$	-	n/a	-	\$	1,741,739	2.6x	\$	1,741,739	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		19,779	1.6x	-		2,951,018	1.4x		2,970,797	1.4x	6%	6%
BCP IV (Nov 2002 / Dec 2005)		6,773,182		212,516		1,114,368	1.1x	31%		20,289,732	3.1x		21,404,100	2.8x	41%	36%
BCP V (Dec 2005 / Jan 2011)		21,024,923		1,246,134		2,697,056	1.2x	44%		35,301,800	2.0x		37,998,856	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)		15,189,705		1,844,270		15,373,870	1.5x	23%		6,531,264	2.0x		21,905,134	1.6x	28%	13%
BEP I (Aug 2011 / Feb 2015)		2,437,608		165,197		2,813,735	1.5x	33%		882,893	1.9x		3,696,628	1.5x	38%	13%
BEP II (Feb 2015 / Feb 2021)		4,840,487		2,313,752		1,929,406	1.2x	-		-	n/a		1,929,406	1.2x	n/a	22%
BCP VII (May 2016 / May 2022)		18,536,458		14,818,376		2,536,976	1.1x	-		7,185	1.0x		2,544,161	1.1x	n/a	n/m
Total Corporate Private Equity	\$	77,127,296	\$	20,624,820	\$	26,485,190	1.3x	22%	\$	80,147,138	2.2x	\$	106,632,328	1.9x	17%	15%
Tactical Opportunities		13,958,437		6,023,018		8,990,106	1.2x	8%		2,633,301	1.5x		11,623,407	1.3x	25%	11%
Tactical Opportunities Co-Investment and Other		3,616,700		1,122,199		2,480,339	1.2x	-		341,923	1.4x		2,822,262	1.2x	n/a	14%
Strategic Partners I-V and Co-Investment (e)		12,832,966		2,443,900		2,732,918	n/m	-		14,602,632	n/m		17,335,550	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (e)		7,402,171		2,418,015		3,591,899	n/m	-		1,442,740	n/m		5,034,639	1.4x	n/a	22%
Strategic Partners VII (e)		7,489,970		5,318,682		1,008,618	n/m	-		91,547	n/m		1,100,165	1.3x	n/a	n/m
Strategic Partners RA II (e)		249,384		50,889		137,161	n/m	-		-	n/m		137,161	1.0x	n/a	n/m
BCEP (f)		4,755,133		4,150,911		604,222	1.0x	-		-	n/a		604,222	1.0x	n/a	n/a
Other Funds and Co-Investment (g)		1,502,885		353,556		45,120	0.8x	40%		636,117	0.9x		681,237	0.9x	n/a	n/a
Real Estate																
Dollar																
Pre-BREP	\$	140,714	\$	-	\$	-	n/a	-	\$	345,190	2.5x	\$	345,190	2.5x	33%	33%
BREP I (Sep 1994 / Oct 1996)		380,708		-		-	n/a	-		1,327,708	2.8x		1,327,708	2.8x	40%	40%
BREP II (Oct 1996 / Mar 1999)		1,198,339		-		-	n/a	-		2,531,614	2.1x		2,531,614	2.1x	19%	19%
BREP III (Apr 1999 / Apr 2003)		1,522,708		-		-	n/a	-		3,330,406	2.4x		3,330,406	2.4x	21%	21%
BREP IV (Apr 2003 / Dec 2005)		2,198,694		-		378,800	0.5x	29%		4,160,477	2.2x		4,539,277	1.7x	31%	12%
BREP V (Dec 2005 / Feb 2007)		5,539,418		-		2,295,369	2.0x	18%		10,866,833	2.3x		13,162,202	2.3x	12%	11%
BREP VI (Feb 2007 / Aug 2011)		11,060,444		557,693		2,631,405	2.1x	35%		24,422,587	2.5x		27,053,992	2.5x	14%	13%
BREP VII (Aug 2011 / Apr 2015)		13,493,814		2,172,461		14,166,287	1.7x	17%		12,106,365	1.9x		26,272,652	1.8x	26%	18%
BREP VIII (Apr 2015 / Oct 2020)		16,418,814		10,189,921		8,468,959	1.4x	1%		2,219,794	1.2x		10,688,753	1.3x	20%	19%
Total Global BREP	\$	51,953,653	\$	12,920,075	\$	27,940,820	1.6x	14%	\$	61,310,974	2.2x	\$	89,251,794	2.0x	19%	16%
Euro																
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)		1,629,748		-		244,412	0.7x	39%		2,131,289	2.0x		2,375,701	1.7x	9%	6%
BREP Europe III (Jun 2008 / Sep 2013)		3,205,140		465,159		2,886,818	1.9x	-		3,238,060	2.2x		6,124,878	2.1x	22%	16%
BREP Europe IV (Sep 2013 / Dec 2016)		6,707,621		1,480,234		8,603,484	1.6x	3%		1,401,874	1.6x		10,005,358	1.6x	25%	19%
BREP Europe V (Dec 2016 / Jun 2022)		7,802,759		6,991,347		767,126	1.0x	-		-	n/a		767,126	1.0x	n/a	n/m
Total Euro BREP	€	20,169,440	€	8,936,740	€	12,501,840	1.6x	3%	€	8,140,239	2.0x	€	20,642,079	1.7x	16%	14%
BREP Co-Investment (h)	\$	6,819,065	\$	146,573	\$	2,568,442	1.7x	59%	\$	10,854,235	2.1x	\$	13,422,677	2.0x	16%	16%
BREP Asia (Jun 2013 / Dec 2017)		5,088,136		2,918,305		2,989,782	1.4x	1%		2,158,819	1.7x		5,148,601	1.5x	22%	17%
Total BREP	\$	88,557,606	\$	26,196,073	\$	48,710,260	1.6x	12%	\$	85,150,346	2.2x	\$	133,860,606	1.9x	18%	16%
BPP (i)	\$	14,365,011	\$	3,271,785	\$	14,037,128	1.2x	-	\$	107,286	1.9x	\$	14,144,414	1.2x	36%	12%
BREDS (j)	\$	12,830,654	\$	6,332,716	\$	3,112,829	1.2x	-	\$	7,058,499	1.3x	\$	10,171,328	1.3x	12%	11%

Continued...

Investment Records as of June 30, 2017^(a) – Continued

	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	
<i>(Dollars in Thousands, Except Where Noted)</i>												
Hedge Fund Solutions												
BSCH (Dec 2013 / Jun 2020) (k)	\$ 3,300,600	\$ 2,640,212	\$ 676,387	1.0x	-	\$ 143,817	n/a	\$ 820,204	1.3x	n/a	4%	
BSCH Co-Investment	75,500	31,237	42,270	0.9x	-	4,298	n/a	46,568	1.0x	n/a	1%	
Total Hedge Fund Solutions	\$ 3,376,100	\$ 2,671,449	\$ 718,657	1.0x	-	\$ 148,115	n/a	\$ 866,772	1.2x	n/a	4%	
Credit (l)												
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 99,280	\$ 146,709	1.2x	-	\$ 4,679,765	1.6x	\$ 4,826,474	1.6x	n/a	17%	
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,149,661	3,512,723	1.1x	-	2,656,386	1.5x	6,169,109	1.3x	n/a	13%	
Mezzanine III (Sep 2016 / Sep 2021)	6,639,133	4,615,989	1,602,966	1.1x	-	-	n/a	1,602,966	1.1x	n/a	n/m	
Stressed / Distressed Investing I (Sep 2009 / May 2013)	3,253,143	275,335	814,905	1.1x	-	5,120,819	1.5x	5,935,724	1.4x	n/a	11%	
Stressed / Distressed Investing II (Jun 2013 / Jun 2018)	5,125,000	1,232,781	3,600,590	1.2x	-	1,338,835	1.3x	4,939,425	1.2x	n/a	15%	
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,866	1,705,293	934,990	1.1x	-	172,602	1.5x	1,107,592	1.2x	n/a	20%	
Euro												
European Senior Debt Fund (Feb 2015 / Feb 2018)	€ 1,964,689	€ 1,994,714	€ 1,537,353	1.0x	-	€ 215,224	1.2x	€ 1,752,577	1.0x	n/a	5%	
Total Credit	\$ 26,260,552	\$ 11,353,411	\$ 12,362,599	1.1x	-	\$ 14,206,434	1.5x	\$ 26,569,033	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, 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) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment’s realized proceeds and unrealized value, as applicable, after management fees, expenses and Carried Interest.
- (i) BPP represents the core+ real estate funds which invest with a more modest risk profile and lower leverage. Excludes BREIT.
- (j) Excludes Capital Trust drawdown funds.
- (k) BSCH, or Blackstone Strategic Capital Holdings, is a permanent capital vehicle focused on acquiring strategic minority positions in alternative asset managers.
- (l) Funds presented represent the flagship credit drawdown funds only. The Total Credit Net IRR is the combined IRR of the seven credit drawdown funds presented.

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17 ^(o)	2Q'17	2Q'16 YTD	2Q'17 YTD
Net Income Attributable to The Blackstone Group L.P.	\$ 198,626	\$ 312,905	\$ 367,951	\$ 461,825	\$ 342,775	\$ 358,379	\$ 804,600
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	201,805	285,267	342,010	417,258	287,979	333,007	705,237
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	64,729	82,653	58,684	138,685	112,944	104,815	251,629
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,049)	10,764	1,663	2,000	991	(8,450)	2,991
Net Income	\$ 463,111	\$ 691,589	\$ 770,308	\$ 1,019,768	\$ 744,689	\$ 787,751	\$ 1,764,457
Provision for Taxes	47,415	27,714	48,087	57,437	29,608	56,561	87,045
Income Before Provision for Taxes	\$ 510,526	\$ 719,303	\$ 818,395	\$ 1,077,205	\$ 774,297	\$ 844,312	\$ 1,851,502
Transaction-Related Charges ^(a)	69,956	60,029	70,816	56,979	57,831	134,092	114,810
Amortization of Intangibles ^(b)	23,208	22,054	15,996	11,344	11,344	46,416	22,688
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(62,680)	(93,417)	(60,347)	(140,685)	(113,935)	(96,365)	(254,620)
Economic Income	\$ 541,010	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 928,455	\$ 1,734,380
(Taxes) ^(d)	(21,234)	(20,985)	(33,250)	(18,805)	(24,168)	(38,028)	(42,973)
Economic Net Income	\$ 519,776	\$ 686,984	\$ 811,610	\$ 986,038	\$ 705,369	\$ 890,427	\$ 1,691,407
Taxes ^(d)	21,234	20,985	33,250	18,805	24,168	38,028	42,973
Performance Fee Adjustment ^(e)	(449,372)	(672,646)	(741,903)	(1,063,728)	(757,006)	(763,437)	(1,820,734)
Investment (Income) Adjustment ^(f)	(59,771)	(87,887)	(99,282)	(103,959)	(67,720)	(33,121)	(171,679)
Other Revenue ^(g)	(8,546)	425	(52,839)	8,287	62,469	(2,298)	70,756
Net Interest Loss ^(h)	13,546	14,184	10,542	10,954	6,591	26,897	17,545
Performance Fee Compensation and Benefits Adjustment ⁽ⁱ⁾	180,723	267,415	313,809	407,695	311,870	286,798	719,565
Equity-Based Compensation - Non-Incentive Fee Related ^(j)	16,852	16,624	19,308	26,650	25,442	37,815	52,092
Fee Related Earnings	\$ 234,442	\$ 246,084	\$ 294,495	\$ 290,742	\$ 311,183	\$ 481,109	\$ 601,925
Net Realized Performance Fees ^(k)	251,935	352,008	327,053	772,780	429,177	439,729	1,201,957
Realized Investment Income ^(l)	53,670	60,634	95,666	202,894	100,887	43,569	303,781
Net Interest (Loss) ^(h)	(13,546)	(14,184)	(10,542)	(10,954)	(6,591)	(26,897)	(17,545)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	(31,588)	(51,089)	(67,678)	(25,324)	(53,291)	(48,382)	(78,615)
Distributable Earnings	\$ 494,913	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 889,128	\$ 2,011,503
Interest Expense ⁽ⁿ⁾	48,779	47,265	53,030	56,830	59,846	97,211	116,676
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	31,588	51,089	67,678	25,324	53,291	48,382	78,615
Depreciation and Amortization	6,331	7,338	12,010	6,216	6,392	12,623	12,608
Adjusted EBITDA	\$ 581,611	\$ 699,145	\$ 771,712	\$ 1,318,508	\$ 900,894	\$ 1,047,344	\$ 2,219,402

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See page 31, Definitions and Distribution Policy.

- (a) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for Transaction-Related Charges which include principally equity-based compensation charges associated with Blackstone's initial public offering and long-term retention programs outside of annual deferred compensation and other corporate actions.
- (b) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes amounts for the Amortization of Intangibles which are associated with Blackstone's initial public offering and other corporate actions.
- (c) This adjustment adds back to Income (Loss) Before Provision (Benefit) for Taxes the amount of (Income) Loss Associated with Non-Controlling Interests of Consolidated Entities and includes the amount of Management Fee Revenues associated with Consolidated CLO Entities.
- (d) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes.
- (e) This adjustment removes from EI the total segment amount of Performance Fees.
- (f) This adjustment removes from EI the total segment amount of Investment Income (Loss).
- (g) This adjustment 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 the Payable Under Tax Receivable Agreement.
- (n) Represents Interest Expense, including inter-segment interest related 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)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Management and Advisory Fees, Net							
GAAP	\$ 607,823	\$ 596,154	\$ 630,092	\$ 642,142	\$ 686,586	\$ 1,216,729	\$ 1,328,728
Elimination Adjustment ^(a)	4,397	5,526	5,800	7,439	10,250	8,692	17,689
Total Segment	\$ 612,220	\$ 601,680	\$ 635,892	\$ 649,581	\$ 696,836	\$ 1,225,421	\$ 1,346,417
Performance Fees							
GAAP	\$ 449,243	\$ 671,032	\$ 741,563	\$ 1,063,142	\$ 756,397	\$ 763,736	\$ 1,819,539
Elimination Adjustment ^(a)	129	1,614	340	586	609	(299)	1,195
Total Segment	\$ 449,372	\$ 672,646	\$ 741,903	\$ 1,063,728	\$ 757,006	\$ 763,437	\$ 1,820,734
Investment Income							
GAAP	\$ 105,139	\$ 143,103	\$ 116,317	\$ 211,156	\$ 132,333	\$ 96,631	\$ 343,489
Consolidation and Elimination Adjustment ^(b)	(45,368)	(55,216)	(17,035)	(107,197)	(64,613)	(63,510)	(171,810)
Total Segment	\$ 59,771	\$ 87,887	\$ 99,282	\$ 103,959	\$ 67,720	\$ 33,121	\$ 171,679
Interest and Dividend Revenue							
GAAP	\$ 22,286	\$ 21,819	\$ 28,544	\$ 28,495	\$ 33,703	\$ 45,361	\$ 62,198
Elimination Adjustment ^(c)	12,947	11,262	13,944	17,381	19,552	24,953	36,933
Total Segment	\$ 35,233	\$ 33,081	\$ 42,488	\$ 45,876	\$ 53,255	\$ 70,314	\$ 99,131
Other							
GAAP	\$ 7,935	\$ (423)	\$ 52,853	\$ (4,212)	\$ (59,664)	\$ 2,323	\$ (63,876)
Elimination Adjustment ^(a)	611	(2)	(14)	(4,075)	(2,805)	(25)	(6,880)
Total Segment	\$ 8,546	\$ (425)	\$ 52,839	\$ (8,287)	\$ (62,469)	\$ 2,298	\$ (70,756)
Total Revenues							
GAAP	\$ 1,192,426	\$ 1,431,685	\$ 1,569,369	\$ 1,940,723	\$ 1,549,355	\$ 2,124,780	\$ 3,490,078
Consolidation and Elimination Adjustment ^(d)	(27,284)	(36,816)	3,035	(85,866)	(37,007)	(30,189)	(122,873)
Total Segment	\$ 1,165,142	\$ 1,394,869	\$ 1,572,404	\$ 1,854,857	\$ 1,512,348	\$ 2,094,591	\$ 3,367,205
Compensation							
GAAP	\$ 355,424	\$ 329,634	\$ 304,347	\$ 351,589	\$ 367,203	\$ 701,427	\$ 718,792
Consolidation Adjustment ^(e)	(69,269)	(61,039)	(63,284)	(62,562)	(61,946)	(127,869)	(124,508)
Total Segment	\$ 286,155	\$ 268,595	\$ 241,063	\$ 289,027	\$ 305,257	\$ 573,558	\$ 594,284

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17	2Q'16 YTD	2Q'17 YTD
Other Operating Expenses							
GAAP							
General, Administrative and Other	\$ 130,988	\$ 124,322	\$ 141,954	\$ 106,044	\$ 115,281	\$ 254,033	\$ 221,325
Interest Expense	36,878	37,278	41,142	40,246	41,089	74,234	81,335
GAAP	\$ 167,866	\$ 161,600	\$ 183,096	\$ 146,290	\$ 156,370	\$ 328,267	\$ 302,660
Consolidation and Elimination Adjustment ^(f)	(10,612)	(10,710)	(10,424)	7,002	9,314	(22,487)	16,316
Total Segment	\$ 157,254	\$ 150,890	\$ 172,672	\$ 153,292	\$ 165,684	\$ 305,780	\$ 318,976
Total Expenses							
GAAP	\$ 712,603	\$ 773,777	\$ 824,484	\$ 929,650	\$ 885,112	\$ 1,330,313	\$ 1,814,762
Less: GAAP Fund Expenses ^(g)	(8,592)	(15,128)	(23,232)	(24,076)	(49,669)	(13,821)	(73,745)
Consolidation and Elimination Adjustment ^(d)	(79,879)	(71,749)	(73,708)	(55,560)	(52,632)	(150,356)	(108,192)
Total Segment	\$ 624,132	\$ 686,900	\$ 727,544	\$ 850,014	\$ 782,811	\$ 1,166,136	\$ 1,632,825
GAAP Income Before Provision for Taxes to Total Segment Economic Income							
GAAP							
Revenues Less Expenses	479,823	657,908	744,885	1,011,073	664,243	794,467	1,675,316
Other Income ^(h)	30,703	61,395	73,510	66,132	110,054	49,845	176,186
Income Before Provision for Taxes	510,526	719,303	818,395	1,077,205	774,297	844,312	1,851,502
Consolidation and Elimination Adjustment ⁽ⁱ⁾	30,484	(11,334)	26,465	(72,362)	(44,760)	84,143	(117,122)
Total Segment	\$ 541,010	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 928,455	\$ 1,734,380

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 inter-segment interest income and the related expense.
- (d) Represents the total consolidation and elimination adjustments for Total Revenues and Total Expenses, respectively.
- (e) Represents transaction-based equity compensation that is not recorded in the segments.
- (f) Represents the add back for the amortization of transaction based intangibles, which is not recorded in the segments, and the elimination of inter-segment interest expense.
- (g) Represents the reversal of Fund Expenses which are attributable to consolidated Blackstone Funds and not a component of the segments.
- (h) Represents the inclusion of Other Income (Loss) which is a consolidation amount not recorded in the segments.
- (i) Represents the total consolidation and elimination adjustment between GAAP and Total Segments.

Walkdown of Financial Metrics

(Dollars in Thousands, Except per Unit Data)

	2Q'17		2Q'17 YTD	
	Results	Per Unit	Results	Per Unit

▶ Management and Advisory Fees, Net	\$	696,836		\$	1,346,417
▶ Fee Related Compensation		(279,815)			(542,192)
▶ Non-Interest Operating Expenses		(105,838)			(202,300)
Fee Related Earnings	\$	311,183	\$	0.26	\$ 601,925 \$ 0.50
▶ Net Realized Incentive Fees		22,173			49,822
▶ Net Realized Carried Interest		407,004			1,152,135
▶ Realized Investment Income		100,887			303,781
▶ Net Interest (Loss)		(6,591)			(17,545)
▶ Taxes and Related Payables		(53,291)			(78,615)
Distributable Earnings	\$	781,365	\$	0.63	\$ 2,011,503 \$ 1.65
▶ Net Unrealized Incentive Fees		27,927			64,804
▶ Net Unrealized Carried Interest		(9,420)			(159,780)
▶ Unrealized Investment (Loss)		(33,167)			(132,102)
▶ Other Revenue		(62,469)			(70,756)
▶ Add Back: Related Payables		29,123			35,642
▶ Less: Equity-Based Compensation		(27,990)			(57,904)
Economic Net Income	\$	705,369	\$	0.59	\$ 1,691,407 \$ 1.41

Fee Earnings

Distributable Earnings

Economic Net Income

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'17 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 2Q'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 2Q'17 ENI per Unit is based on Weighted-Average ENI Adjusted Units. 2Q'17 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'17	2Q'17 YTD
Compensation	\$ (305,257)	\$ (594,284)
Less: Equity-Based Compensation - Non-Incentive Fee Related	25,442	52,092
Fee Related Compensation	\$ (279,815)	\$ (542,192)
Other Operating Expenses	165,684	318,976
Less: Interest Expense ^(a)	(59,846)	(116,676)
Non-Interest Operating Expenses	\$ 105,838	\$ 202,300
Realized Incentive Fees	41,106	88,243
Less: Realized Incentive Fee Compensation	(21,481)	(44,233)
Plus: Equity-Based Compensation - Incentive Fee Related	2,548	5,812
Net Realized Incentive Fees	\$ 22,173	\$ 49,822
Realized Carried Interest	602,293	1,713,615
Less: Realized Carried Interest Compensation	(195,289)	(561,480)
Net Realized Carried Interest	\$ 407,004	\$ 1,152,135
Interest Income and Dividend Revenue	53,255	99,131
Less: Interest Expense ^(a)	(59,846)	(116,676)
Net Interest (Loss)	\$ (6,591)	\$ (17,545)
Taxes and Related Payables^(a)	\$ (53,291)	\$ (78,615)
Unrealized Incentive Fees	48,527	108,543
Less: Unrealized Incentive Fee Compensation	(20,600)	(43,739)
Net Unrealized Incentive Fees	\$ 27,927	\$ 64,804
Unrealized Carried Interest	65,080	(89,667)
Less: Unrealized Carried Interest Compensation	(74,500)	(70,113)
Net Unrealized Carried Interest	\$ (9,420)	\$ (159,780)
Related Payables^(b)	\$ 29,123	\$ 35,642
Equity-Based Compensation - Non-Incentive Fee Related	25,442	52,092
Plus: Equity-Based Compensation - Incentive Fee Related	2,548	5,812
Equity-Based Compensation^(c)	\$ 27,990	\$ 57,904

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 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

	2Q'16	3Q'16	4Q'16	1Q'17	2Q'17
Total GAAP Weighted-Average Common Units Outstanding - Basic	646,933,698	650,917,510	655,074,617	660,939,708	664,681,299
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	1,309,402	1,495,331	1,643,603	809,184	998,974
Weighted-Average Blackstone Holdings Partnership Units	546,235,112	543,392,474	539,139,078	537,758,091	534,326,066
Total GAAP Weighted-Average Units Outstanding - Diluted	1,194,478,212	1,195,805,315	1,195,857,298	1,199,506,983	1,200,006,339
Weighted-Average Economic Net Income Adjusted Units	1,194,478,212	1,195,805,315	1,195,857,298	1,199,506,983	1,200,006,339
Economic Net Income Adjusted Units, End of Period	1,194,567,513	1,195,797,124	1,196,223,079	1,199,565,618	1,199,890,628
Total Common Units Outstanding	645,810,990	649,587,761	654,833,530	661,126,963	665,503,840
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	542,206,078	542,410,515	537,393,402	535,206,716	530,678,056
Distributable Earnings Units Outstanding	1,188,017,068	1,191,998,276	1,192,226,932	1,196,333,679	1,196,181,896

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.
- 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) non-interest operating expenses.
- Distributable Earnings, or “DE”, which is derived from Blackstone’s segment reported results, is a supplemental measure to assess performance and amounts available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners of the Blackstone Holdings partnerships. DE is intended to show the amount of net realized earnings without the effects of the consolidation of the Blackstone Funds. DE, which is a component of ENI, is the sum across all segments of: (a) Total Management, 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) Other Operating Expenses, and (d) Taxes and Related Payables Under the Tax Receivable Agreement. DE is reconciled to Blackstone’s Consolidated Statement of Operations.
- Blackstone uses Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization, or “Adjusted EBITDA”, as a supplemental non-GAAP measure derived from segment reported results and may be used to assess its ability to service its borrowings. Adjusted EBITDA represents DE plus the addition of (a) Interest Expense (including inter-segment interest related 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.

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