



Blackstone Reports Third Quarter 2017 Results

New York, October 19, 2017: Blackstone (NYSE:BX) today reported its third quarter 2017 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Today, Blackstone reported another quarter of consistent growth for our shareholders, with strong double-digit increases in revenue and earnings for both the quarter and year-to-date period. We continue to successfully expand our global investment platforms, launching new products and channels, and delivering a broader range of solutions for our institutional and retail clients alike. The result is nearly \$20 billion of capital inflows in the third quarter, propelling us to a new record for AUM of \$387 billion, up 7% year-over-year. And I expect that record to be exceeded again in the fourth quarter.”

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

Distribution

Blackstone has declared a quarterly distribution of \$0.44 per common unit to record holders of common units at the close of business on October 30, 2017. This distribution will be paid on November 6, 2017.

Quarterly Investor Call Details

Blackstone will host a conference call on October 19, 2017 at 11:00 a.m. ET to discuss third 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 879 052 38#.

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 \$385 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 Third Quarter 2017 Earnings

October 19, 2017

Blackstone's Third Quarter 2017 GAAP Results

- ▶ GAAP Net Income was \$847 million for the quarter, and \$2.6 billion year-to-date. GAAP Net Income Attributable to The Blackstone Group L.P. was \$385 million for the quarter and \$1.2 billion year-to-date.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	3Q'16	3Q'17	% Change vs. 3Q'16	3Q'16 YTD	3Q'17 YTD	% Change vs. 3Q'16 YTD
Revenues						
Management and Advisory Fees, Net	\$ 596,154	\$ 680,641	14%	\$ 1,812,883	\$ 2,009,369	11%
Performance Fees						
Realized Carried Interest	503,990	369,309	(27)%	1,058,633	2,082,725	97%
Realized Incentive Fees	30,295	101,186	234%	88,155	189,151	115%
Unrealized Carried Interest	106,202	432,590	307%	242,080	343,104	42%
Unrealized Incentive Fees	30,545	(9,241)	n/m	45,900	98,403	114%
Total Performance Fees	671,032	893,844	33%	1,434,768	2,713,383	89%
Investment Income						
Realized	119,351	74,805	(37)%	172,387	451,207	162%
Unrealized	23,752	96,085	305%	67,347	63,172	(6)%
Total Investment Income	143,103	170,890	19%	239,734	514,379	115%
Interest and Dividend Revenue	21,819	36,974	69%	67,180	99,172	48%
Other	(423)	(35,572)	n/m	1,900	(99,448)	n/m
Total Revenues	1,431,685	1,746,777	22%	3,556,465	5,236,855	47%
Expenses						
Compensation and Benefits						
Compensation	329,634	359,209	9%	1,031,061	1,078,001	5%
Performance Fee Compensation						
Realized Carried Interest	168,427	134,014	(20)%	314,511	695,494	121%
Realized Incentive Fees	15,436	46,823	203%	44,810	91,056	103%
Unrealized Carried Interest	70,044	187,158	167%	175,247	257,271	47%
Unrealized Incentive Fees	13,508	(7,094)	n/m	19,645	36,645	87%
Total Compensation and Benefits	597,049	720,110	21%	1,585,274	2,158,467	36%
General, Administrative and Other	124,322	115,755	(7)%	378,355	337,080	(11)%
Interest Expense	37,278	41,545	11%	111,512	122,880	10%
Fund Expenses	15,128	26,350	74%	28,949	100,095	246%
Total Expenses	773,777	903,760	17%	2,104,090	2,718,522	29%
Other Income						
Net Gains from Fund Investment Activities	61,395	63,448	3%	111,240	239,634	115%
Income Before Provision for Taxes	\$ 719,303	\$ 906,465	26%	\$ 1,563,615	\$ 2,757,967	76%
Provision for Taxes	27,714	59,512	115%	84,275	146,557	74%
Net Income	\$ 691,589	\$ 846,953	22%	\$ 1,479,340	\$ 2,611,410	77%
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	10,764	3,215	(70)%	2,314	6,206	168%
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	82,653	113,446	37%	187,468	365,075	95%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	285,267	345,650	21%	618,274	1,050,887	70%
Net Income Attributable to The Blackstone Group L.P. ("BX")	\$ 312,905	\$ 384,642	23%	\$ 671,284	\$ 1,189,242	77%
Net Income per Common Unit, Basic	\$ 0.48	\$ 0.58	21%	\$ 1.04	\$ 1.79	72%
Net Income per Common Unit, Diluted	\$ 0.47	\$ 0.56	19%	\$ 1.01	\$ 1.76	74%

n/m = not meaningful.

Blackstone's Third Quarter 2017 Segment Highlights

- ▶ Economic Net Income (“ENI”) was \$834 million (\$0.69/unit) in the quarter, up 21% year-over-year, on \$1.7 billion of Total Segment Revenues from management fee growth and strong fund returns.
 - ENI was \$2.5 billion (\$2.10/unit) year-to-date, up 60% year-over-year, on \$5.1 billion of Total Segment Revenues.
- ▶ Distributable Earnings (“DE”) was \$626 million (\$0.52/unit) in the quarter, up 5% year-over-year, with realizations resulting in \$471 million of Realized Performance Fees.
 - DE was \$2.6 billion (\$2.17/unit) year-to-date, up 78% year-over-year, on \$2.3 billion of Realized Performance Fees.
- ▶ Fee Related Earnings (“FRE”) was \$307 million in the quarter, up 25% year-over-year, on \$692 million of Net Management and Advisory Fees.
 - FRE was \$909 million year-to-date, up 25% year-over-year, on \$2.0 billion of Net Management and Advisory Fees.
- ▶ Total Assets Under Management (“AUM”) grew to a record \$387.4 billion through a combination of continued fundraising, organic platform expansion and fund appreciation.
 - Inflows were \$19.7 billion in the quarter, bringing the last twelve months (“LTM”) inflows to \$62.4 billion.
 - Total AUM increased 7% year-over-year and Fee-Earning AUM was up 7% to \$285.7 billion.
- ▶ Capital deployed of \$10.9 billion in the quarter and \$31.1 billion year-to-date across the businesses.
- ▶ Blackstone declared a third quarter distribution of \$0.44 per common unit payable on November 6, 2017.

Blackstone's Third Quarter 2017 Segment Earnings

(Dollars in Thousands, Except per Unit Data)	3Q'16	3Q'17	% Change vs. 3Q'16	3Q'16 YTD	3Q'17 YTD	% Change vs. 3Q'16 YTD
Management and Advisory Fees, Net	\$ 601,680	\$ 691,982	15%	\$ 1,827,101	\$ 2,038,399	12%
Performance Fees	672,646	894,632	33%	1,436,083	2,715,366	89%
Investment Income	87,887	77,572	(12)%	121,008	249,251	106%
Interest Income and Dividend Revenue	33,081	64,098	94%	103,395	163,229	58%
Other	(425)	(34,144)	n/m	1,873	(104,900)	n/m
Total Revenues	1,394,869	1,694,140	21%	3,489,460	5,061,345	45%
Total Expenses	686,900	837,278	22%	1,853,036	2,470,103	33%
Taxes	20,985	22,552	7%	59,013	65,525	11%
Economic Net Income	\$ 686,984	\$ 834,310	21%	\$ 1,577,411	\$ 2,525,717	60%
<i>ENI per Unit</i>	<i>\$ 0.57</i>	<i>\$ 0.69</i>	<i>21%</i>	<i>\$ 1.32</i>	<i>\$ 2.10</i>	<i>59%</i>
Fee Related Earnings	\$ 246,084	\$ 306,708	25%	\$ 727,193	\$ 908,633	25%
Distributable Earnings	\$ 593,453	\$ 625,566	5%	\$ 1,482,581	\$ 2,637,069	78%
<i>DE per Common Unit</i>	<i>\$ 0.48</i>	<i>\$ 0.52</i>	<i>8%</i>	<i>\$ 1.22</i>	<i>\$ 2.17</i>	<i>78%</i>
Total AUM	\$ 361,040,173	\$ 387,449,746	7%	\$ 361,040,173	\$ 387,449,746	7%
Fee-Earning AUM	\$ 267,757,727	\$ 285,698,425	7%	\$ 267,757,727	\$ 285,698,425	7%

Private Equity

- ▶ Corporate Private Equity carrying value increased 3.3% in the quarter driven by solid appreciation in the private portfolio, partially offset by decreases in the public portfolio.
- ▶ Realizations of \$2.4 billion in the quarter were driven by strong activity across Corporate Private Equity, Tactical Opportunities, and Strategic Partners, bringing year-to-date realizations to \$11.4 billion.
- ▶ Invested \$4.3 billion in the quarter, including a new Core Private Equity investment in Ascend Learning and deployments in Tactical Opportunities and Strategic Partners.
 - Committed an additional \$3.2 billion during the quarter, driven by investments across various industries and geographies.
- ▶ Total AUM inflows of \$3.3 billion and portfolio appreciation in the quarter drove Total AUM to \$102.5 billion.
- ▶ Fee-Earning AUM of \$67.5 billion, leading to strong Net Management and Advisory Fees of \$566 million year-to-date, up 40% year-over-year primarily due to the commencement of the investment period for BCP VII.

(Dollars in Thousands)	3Q'16	3Q'17	% Change		% Change	
			vs. 3Q'16	3Q'16 YTD	3Q'17 YTD	vs. 3Q'16 YTD
Management and Advisory Fees, Net	\$ 131,683	\$ 191,289	45%	\$ 402,774	\$ 565,512	40%
Performance Fees	170,995	181,921	6%	417,255	777,626	86%
Investment Income	24,353	24,517	1%	44,596	80,736	81%
Interest Income and Dividend Revenue	9,160	15,089	65%	28,525	38,462	35%
Other	411	(8,346)	n/m	2,219	(26,270)	n/m
Total Revenues	336,602	404,470	20%	895,369	1,436,066	60%
Compensation	73,889	96,409	30%	237,303	270,995	14%
Performance Fee Compensation	83,041	93,503	13%	158,160	321,059	103%
Other Operating Expenses	47,534	49,773	5%	143,968	140,260	(3)%
Total Expenses	204,464	239,685	17%	539,431	732,314	36%
Economic Income	\$ 132,138	\$ 164,785	25%	\$ 355,938	\$ 703,752	98%
Total AUM	\$ 99,722,322	\$ 102,456,322	3%	\$ 99,722,322	\$ 102,456,322	3%
Fee-Earning AUM	\$ 69,347,910	\$ 67,540,399	(3)%	\$ 69,347,910	\$ 67,540,399	(3)%

3.3%

3Q'17 Increase in Corporate Private Equity Carrying Value

\$2.4 billion

3Q'17 Realizations

\$102.5 billion

Total AUM up 3% YoY

Real Estate

- ▶ Opportunistic funds' carrying value increased 5.5% in the quarter due to strong appreciation in both the private and public investment portfolios; core+ funds' carrying value increased 3.2% in the quarter.
- ▶ Realizations of \$3.1 billion in the quarter driven by public stock sales of Hilton companies, the sale of a U.K. office property and assets in Equity Office Properties and Trizec, bringing the year-to-date total to \$14.3 billion.
 - Sale of Logicor for €12.25 billion expected to close in the fourth quarter.
- ▶ Active investing quarter with \$6.7 billion invested/committed, with 60% in investments outside of the U.S.
 - Includes investment in Sponda, a 1.2 million square meter office-focused public company in Finland and commitment to purchase a majority stake in the Banco Popular Spanish real estate portfolio.
- ▶ Total AUM up 9% and Fee-Earning AUM up 14% year-over-year to \$111.3 billion and \$75.1 billion, respectively.
 - Total AUM inflows of \$6.4 billion in the quarter driven by initial \$5.0 billion closing for Blackstone's second Asian opportunistic fund.
 - Total core+ AUM of \$18.0 billion less than four years after launching the business, up 36% year-over-year.

(Dollars in Thousands)	3Q'16	3Q'17	% Change		3Q'16 YTD	3Q'17 YTD	% Change	
			vs. 3Q'16				vs. 3Q'16 YTD	
Management Fees, Net	\$ 210,977	\$ 240,432	14%		\$ 663,980	\$ 694,974	5%	
Performance Fees	366,833	582,277	59%		763,320	1,595,604	109%	
Investment Income	39,979	36,130	(10)%		61,844	108,936	76%	
Interest Income and Dividend Revenue	12,460	24,283	95%		38,732	63,448	64%	
Other	(548)	(13,108)	n/m		(226)	(39,223)	n/m	
Total Revenues	629,701	870,014	38%		1,527,650	2,423,739	59%	
Compensation	99,886	105,753	6%		303,352	318,721	5%	
Performance Fee Compensation	116,440	209,805	80%		270,050	607,478	125%	
Other Operating Expenses	47,908	58,012	21%		148,206	165,354	12%	
Total Expenses	264,234	373,570	41%		721,608	1,091,553	51%	
Economic Income	\$ 365,467	\$ 496,444	36%		\$ 806,042	\$ 1,332,186	65%	
Total AUM	\$ 101,876,562	\$ 111,298,844	9%		\$ 101,876,562	\$ 111,298,844	9%	
Fee-Earning AUM	\$ 65,785,083	\$ 75,081,521	14%		\$ 65,785,083	\$ 75,081,521	14%	

5.5%
3Q'17 Increase in Opportunistic
Funds' Carrying Value

\$3.1 billion
3Q'17 Realizations

\$111.3 billion
Total AUM up 9% YoY

Carrying value for core+ funds excludes BREIT.

Hedge Fund Solutions

- ▶ The BPS Composite gross return was 2.3% in the quarter (2.0% net), and 6.6% (5.8% net) year-to-date, continuing positive momentum in returns.
 - Gross returns of 9.1% (8.1% net) for the LTM.
- ▶ Total AUM inflows of \$2.4 billion during the quarter and \$11.2 billion over the LTM, driven by customized solutions, commingled products and individual investor and specialized solutions.
 - October 1 subscriptions of \$2.2 billion are not yet included in Total AUM.
- ▶ Total AUM increased 6% year-over-year to \$74.2 billion, driven by continued platform diversification, growth in customized solutions and individual investor solutions, and appreciation across strategies.
 - Fee-Earning AUM up 4% year-over-year to \$69.0 billion.

(Dollars in Thousands)	3Q'16	3Q'17	% Change		3Q'16 YTD	3Q'17 YTD	% Change	
			vs. 3Q'16				vs. 3Q'16 YTD	
Management Fees, Net	\$ 130,421	\$ 129,430	(1)%		\$ 391,240	\$ 388,551	(1)%	
Performance Fees	16,526	44,201	167%		17,893	132,589	641%	
Investment Income	11,008	14,039	28%		2,814	43,503	n/m	
Interest Income and Dividend Revenue	4,692	10,594	126%		15,193	26,917	77%	
Other	(260)	(5,859)	n/m		(523)	(18,189)	n/m	
Total Revenues	162,387	192,405	18%		426,617	573,371	34%	
Compensation	47,206	44,347	(6)%		145,811	139,312	(4)%	
Performance Fee Compensation	7,494	17,497	133%		10,205	53,809	427%	
Other Operating Expenses	27,432	29,047	6%		80,796	81,087	0%	
Total Expenses	82,132	90,891	11%		236,812	274,208	16%	
Economic Income	\$ 80,255	\$ 101,514	26%		\$ 189,805	\$ 299,163	58%	
Total AUM	\$ 70,113,508	\$ 74,219,563	6%		\$ 70,113,508	\$ 74,219,563	6%	
Fee-Earning AUM	\$ 66,434,971	\$ 69,037,961	4%		\$ 66,434,971	\$ 69,037,961	4%	

2.3%

3Q'17 BPS Composite Gross Return

\$2.4 billion

3Q'17 Total AUM Inflows

\$74.2 billion

Total AUM up 6% YoY

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

Credit

- ▶ Composite gross returns for the quarter were 4.1% for Performing Credit and 2.7% for Distressed Strategies.
- ▶ Investment pace remained strong with \$3.0 billion of capital deployed or committed during the quarter, capitalizing particularly on investment opportunities in Europe and the energy sector.
 - Deployed \$6.4 billion year-to-date, already reaching record levels for the year.
- ▶ Total AUM increased 11% year-over-year reaching a record \$99.5 billion.
 - Raised an additional \$4.7 billion for the successor distressed flagship fund during the quarter bringing total capital raised to \$6.0 billion, with an expected total fund size of \$7.5 billion.
 - Launched 11 CLOs (eight U.S. and three European) in the LTM totaling \$6.3 billion, including \$1.1 billion in the third quarter.
- ▶ On October 16, the acquisition of Harvest Fund Advisors LLC, a long-only investment management firm focused on U.S. midstream energy master limited partnerships, closed and will be integrated into the credit business in the fourth quarter.

(Dollars in Thousands)	3Q'16	3Q'17	% Change		3Q'16 YTD	3Q'17 YTD	% Change	
			vs. 3Q'16				vs. 3Q'16 YTD	
Management Fees, Net	\$ 128,599	\$ 130,831	2%		\$ 369,107	\$ 389,362	5%	
Performance Fees	118,292	86,233	(27)%		237,615	209,547	(12)%	
Investment Income	12,547	2,886	(77)%		11,754	16,076	37%	
Interest Income and Dividend Revenue	6,769	14,132	109%		20,945	34,402	64%	
Other	(28)	(6,831)	n/m		403	(21,218)	n/m	
Total Revenues	266,179	227,251	(15)%		639,824	628,169	(2)%	
Compensation	47,614	56,289	18%		155,687	168,054	8%	
Performance Fee Compensation	60,440	40,096	(34)%		115,798	98,120	(15)%	
Other Operating Expenses	28,016	36,747	31%		83,700	105,854	26%	
Total Expenses	136,070	133,132	(2)%		355,185	372,028	5%	
Economic Income	\$ 130,109	\$ 94,119	(28)%		\$ 284,639	\$ 256,141	(10)%	
Total AUM	\$ 89,327,781	\$ 99,475,017	11%		\$ 89,327,781	\$ 99,475,017	11%	
Fee-Earning AUM	\$ 66,189,763	\$ 74,038,544	12%		\$ 66,189,763	\$ 74,038,544	12%	

3Q'17 Composite Gross Returns

Performing Credit	4.1%
Distressed	2.7%

\$3.0 billion

3Q'17 Total Capital Deployed
or Committed

\$99.5 billion

Total AUM up 11% YoY

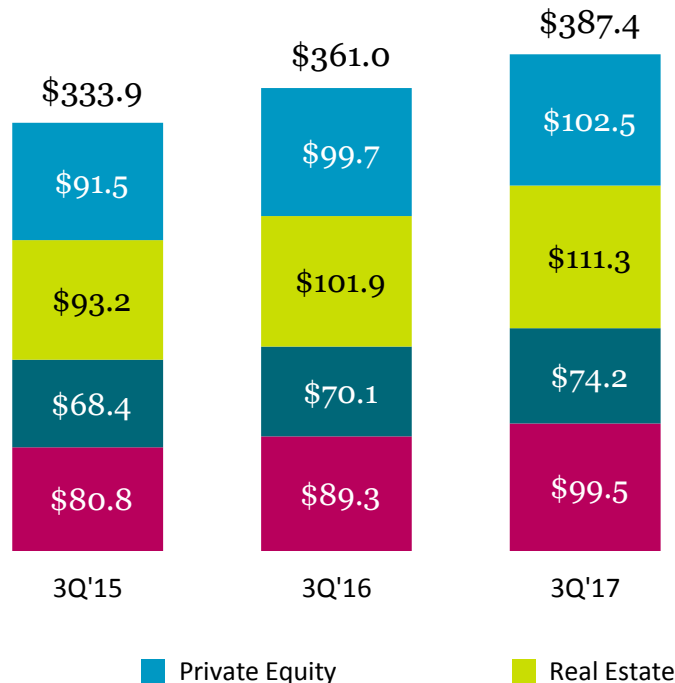
Performing Credit Strategies include mezzanine lending funds, Business Development Companies ("BDCs") and other performing credit strategy funds. Distressed Strategies include hedge fund strategies, rescue lending funds and distressed energy strategies. The composite gross returns represent a weighted-average 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 2.9%, 6.0% and 9.4% for 3Q'17, 3Q'17 YTD and 3Q'17 LTM. Distressed Strategies' net composite returns were 2.1%, 2.4% and 8.0% for 3Q'17, 3Q'17 YTD and 3Q'17 LTM. The breakdown of Total AUM for 3Q'17 is as follows: Distressed Strategies \$25.0 billion (26% Incentive Fee, 74% Carried Interest), Performing Credit Strategies \$38.4 billion (50% Incentive Fee, 50% Carried Interest), and Long Only \$36.1 billion. The breakdown of Fee-Earning AUM for 3Q'17 is as follows: Distressed Strategies \$13.1 billion (44% Incentive Fee, 56% Carried Interest), Performing Credit Strategies \$25.7 billion (74% Incentive Fee, 26% Carried Interest), and Long Only \$35.3 billion.

Assets Under Management

- ▶ Total AUM increased 7% year-over-year to \$387.4 billion driven by \$62.4 billion of inflows.
 - Total AUM increased despite realizations of \$46.6 billion during the LTM.
- ▶ Fee-Earning AUM of \$285.7 billion up 7% year-over-year as \$54.2 billion of inflows outpaced \$45.1 billion of realizations and outflows.

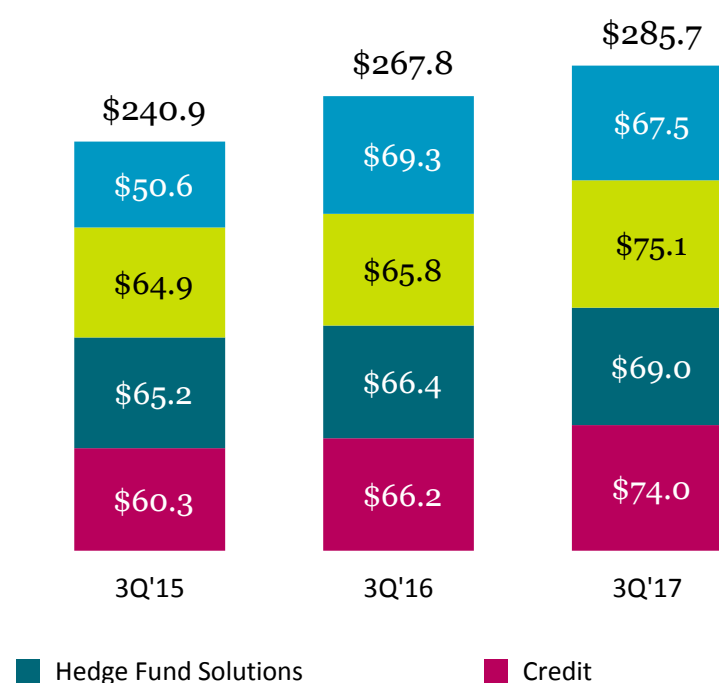
Total AUM by Segment

(Dollars in Billions)



Fee-Earning AUM by Segment

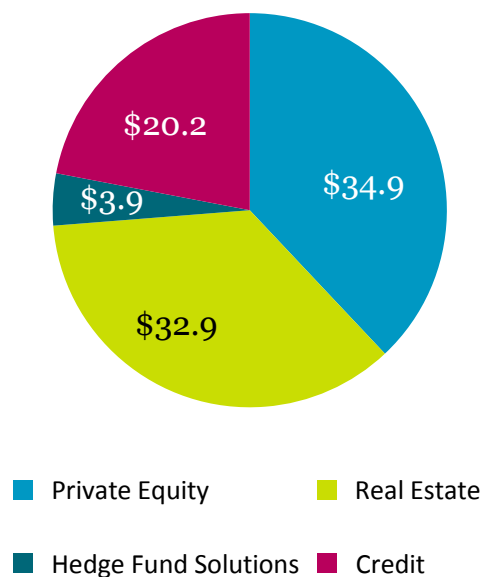
(Dollars in Billions)



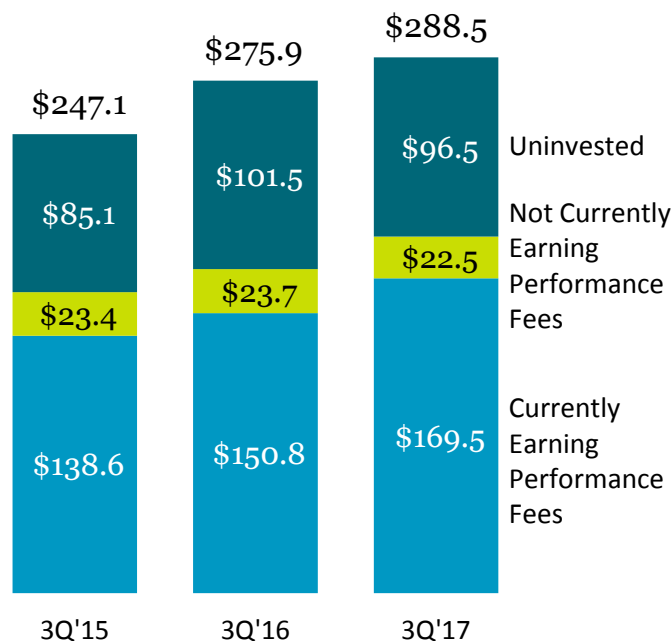
Additional Capital Detail

- ▶ Undrawn capital (“Total Dry Powder”) was \$91.9 billion, despite \$39.4 billion of capital deployed in the LTM.
 - 78% of Total Dry Powder was raised since the beginning of 2015.
- ▶ Performance Fee Eligible AUM reached \$288.5 billion at quarter end, up 5% year-over-year, despite significant realizations in the Real Estate and Private Equity segments.

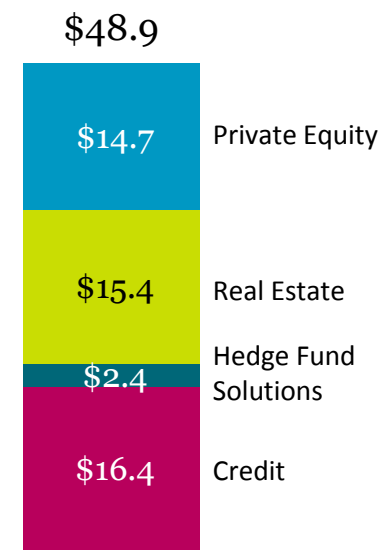
**\$92 billion 3Q'17
Total Dry Powder**



**\$288 billion Performance
Fee Eligible AUM**

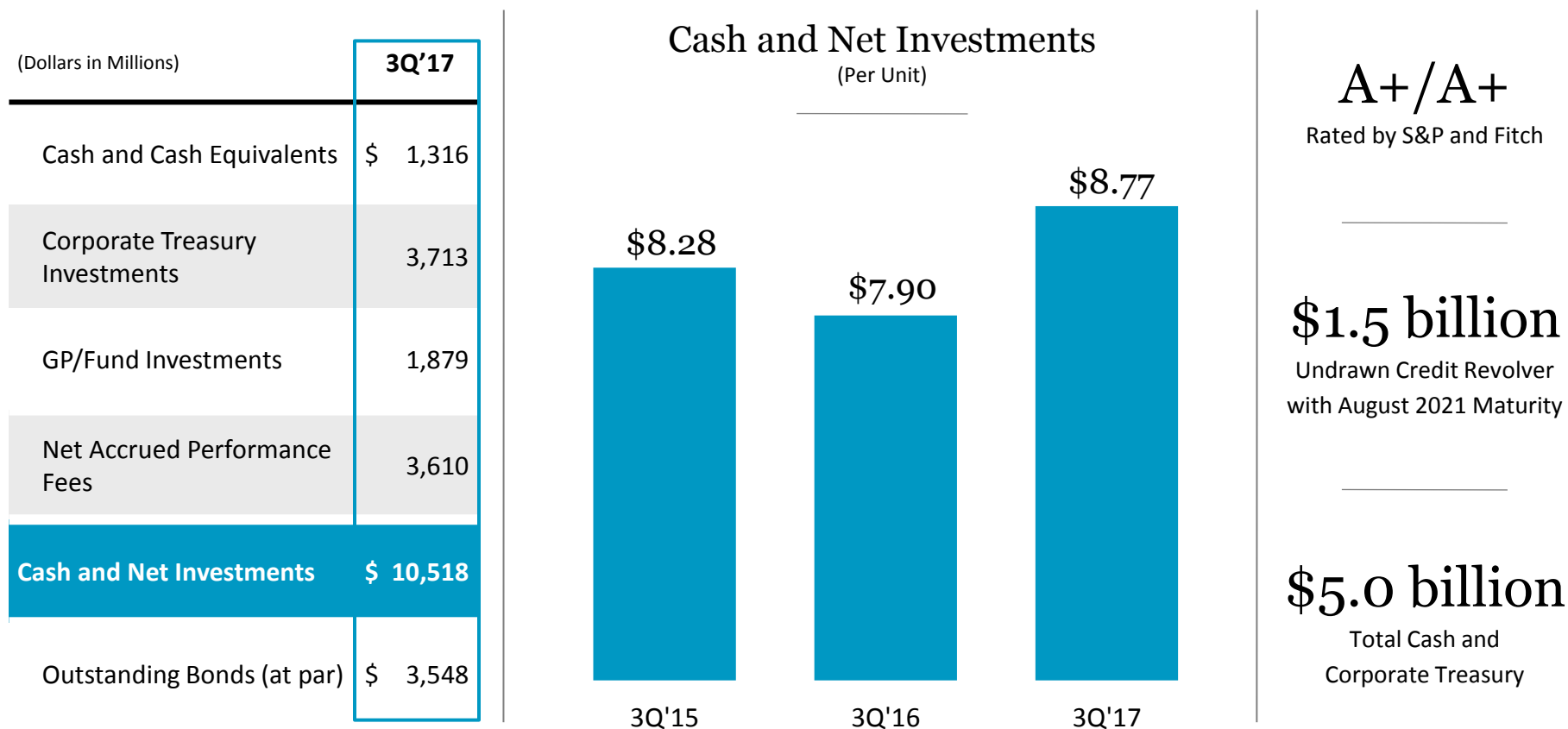


**\$49 billion Not Currently
Earning Management Fees**



Deconsolidated Balance Sheet Highlights

- ▶ At September 30, 2017, Blackstone had \$5.0 billion in total cash, cash equivalents, and corporate treasury investments and \$10.5 billion of cash and net investments, or \$8.77 per unit.
- ▶ Blackstone has no net debt, a \$1.5 billion undrawn credit revolver and maintains A+/A+ ratings.
 - On October 2, 2017, Blackstone issued \$300 million of 30-year notes at a 4.00% coupon and \$300 million of 10-year notes at a 3.15% coupon, with proceeds being used to repurchase all of the outstanding 2019 notes.



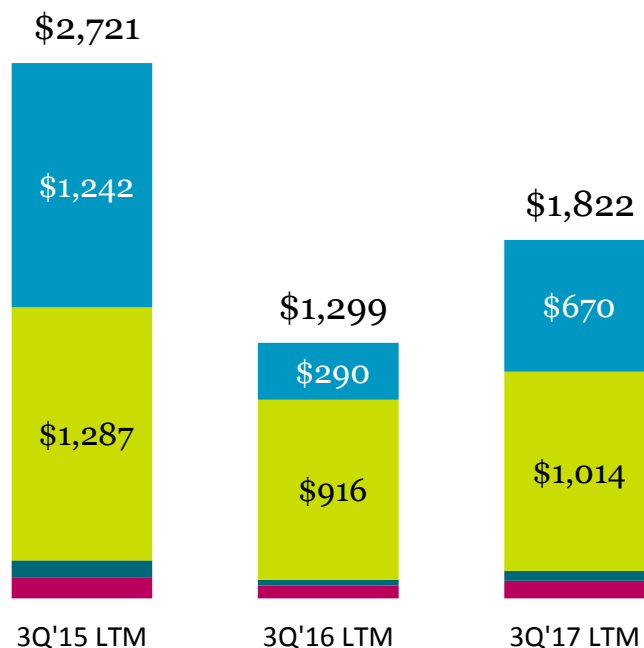
Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. Investments include Blackstone investments in Private Equity, Real Estate, Hedge Fund Solutions, and Credit, which were \$637 million, \$806 million, \$118 million, and \$318 million, respectively, as of September 30, 2017, \$783 million, \$992 million, \$129 million, and \$274 million, respectively, as of September 30, 2016 and \$849 million, \$1.0 billion, \$128 million, and \$223 million, respectively, as of September 30, 2015. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding.

Performance Fees

- ▶ Net Accrued Performance Fees were \$3.6 billion (\$3.01/unit), up 8% over the last twelve months with strong appreciation generating \$2.1 billion of additional Net Accrued Performance Fees that offset \$1.8 billion of Net Realized Performance Fees.

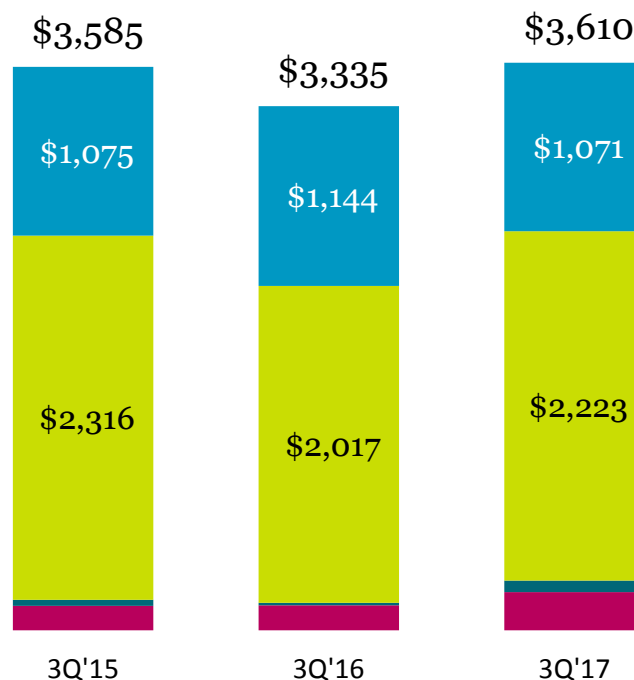
Net Realized Performance Fees

(Dollars in Millions)



Net Accrued Performance Fees

(Dollars in Millions)



\$3.6 billion

Net Accrued Performance Fees
at 3Q'17

\$3.01

per unit
Net Accrued Performance Fees
at 3Q'17

■ Private Equity

■ Real Estate

■ Hedge Fund Solutions

■ Credit

Appendix

Total Segments

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 593,509	\$ 623,571	\$ 642,958	\$ 671,368	\$ 669,902	\$ 1,774,208	\$ 1,984,228
Transaction, Advisory and Other Fees, Net	29,021	35,618	40,222	38,892	32,295	109,240	111,409
Management Fee Offsets	(20,850)	(23,297)	(33,599)	(13,424)	(10,215)	(56,347)	(57,238)
Total Management and Advisory Fees, Net	601,680	635,892	649,581	696,836	691,982	1,827,101	2,038,399
Performance Fees							
Realized Carried Interest	504,022	416,250	1,111,322	602,293	369,309	1,058,665	2,082,924
Realized Incentive Fees	30,295	83,993	47,137	41,106	101,198	88,108	189,441
Unrealized Carried Interest	106,157	239,210	(154,747)	65,080	432,597	242,031	342,930
Unrealized Incentive Fees	32,172	2,450	60,016	48,527	(8,472)	47,279	100,071
Total Performance Fees	672,646	741,903	1,063,728	757,006	894,632	1,436,083	2,715,366
Investment Income (Loss)							
Realized	60,634	95,666	202,894	100,887	60,188	104,203	363,969
Unrealized	27,253	3,616	(98,935)	(33,167)	17,384	16,805	(114,718)
Total Investment Income	87,887	99,282	103,959	67,720	77,572	121,008	249,251
Interest Income and Dividend Revenue	33,081	42,488	45,876	53,255	64,098	103,395	163,229
Other	(425)	52,839	(8,287)	(62,469)	(34,144)	1,873	(104,900)
Total Revenues	1,394,869	1,572,404	1,854,857	1,512,348	1,694,140	3,489,460	5,061,345
Expenses							
Compensation	268,595	241,063	289,027	305,257	302,798	842,153	897,082
Performance Fee Compensation							
Realized Carried Interest	168,427	141,443	366,191	195,289	134,014	314,511	695,494
Realized Incentive Fees	15,436	33,286	22,752	21,481	46,823	44,810	91,056
Unrealized Carried Interest	70,044	137,591	(4,387)	74,500	187,158	175,247	257,271
Unrealized Incentive Fees	13,508	1,489	23,139	20,600	(7,094)	19,645	36,645
Total Compensation and Benefits	536,010	554,872	696,722	617,127	663,699	1,396,366	1,977,548
Other Operating Expenses	150,890	172,672	153,292	165,684	173,579	456,670	492,555
Total Expenses	686,900	727,544	850,014	782,811	837,278	1,853,036	2,470,103
Economic Income	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 856,862	\$ 1,636,424	\$ 2,591,242
Economic Net Income	\$ 686,984	\$ 811,610	\$ 986,038	\$ 705,369	\$ 834,310	\$ 1,577,411	\$ 2,525,717
Fee Related Earnings	\$ 246,084	\$ 294,495	\$ 290,742	\$ 311,183	\$ 306,708	\$ 727,193	\$ 908,633
Distributable Earnings	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,482,581	\$ 2,637,069
Total Assets Under Management	\$ 361,040,173	\$ 366,553,465	\$ 368,196,917	\$ 371,056,281	\$ 387,449,746	\$ 361,040,173	\$ 387,449,746
Fee-Earning Assets Under Management	\$ 267,757,727	\$ 277,092,672	\$ 280,215,551	\$ 281,934,511	\$ 285,698,425	\$ 267,757,727	\$ 285,698,425
Weighted Average Fee-Earning AUM	\$ 268,503,412	\$ 274,475,842	\$ 279,582,971	\$ 281,966,547	\$ 284,114,581	\$ 260,761,661	\$ 282,401,080
LP Capital Invested	\$ 4,136,405	\$ 7,974,603	\$ 9,709,930	\$ 7,799,624	\$ 10,043,022	\$ 14,447,147	\$ 27,552,576
Total Capital Invested	\$ 4,310,564	\$ 8,221,697	\$ 11,840,913	\$ 8,382,583	\$ 10,925,170	\$ 15,053,713	\$ 31,148,666

Private Equity

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Revenues							
Management and Advisory Fees, Net							
Base Management Fees	\$ 131,708	\$ 160,301	\$ 177,464	\$ 176,555	\$ 182,108	\$ 393,833	\$ 536,127
Transaction, Advisory and Other Fees, Net	12,892	8,972	17,200	18,947	10,269	32,901	46,416
Management Fee Offsets	(12,917)	(10,850)	(12,190)	(3,753)	(1,088)	(23,960)	(17,031)
Total Management and Advisory Fees, Net	131,683	158,423	182,474	191,749	191,289	402,774	565,512
Performance Fees							
Realized Carried Interest	26,398	131,532	582,681	197,257	101,918	113,736	881,856
Unrealized Carried Interest	144,597	121,262	(184,833)	600	80,003	303,519	(104,230)
Total Performance Fees	170,995	252,794	397,848	197,857	181,921	417,255	777,626
Investment Income (Loss)							
Realized	15,469	50,339	80,889	41,168	7,077	23,038	129,134
Unrealized	8,884	(26,401)	(40,824)	(25,014)	17,440	21,558	(48,398)
Total Investment Income	24,353	23,938	40,065	16,154	24,517	44,596	80,736
Interest Income and Dividend Revenue	9,160	11,746	10,922	12,451	15,089	28,525	38,462
Other	411	18,239	(1,800)	(16,124)	(8,346)	2,219	(26,270)
Total Revenues	336,602	465,140	629,509	402,087	404,470	895,369	1,436,066
Expenses							
Compensation	73,889	73,154	83,742	90,844	96,409	237,303	270,995
Performance Fee Compensation							
Realized Carried Interest	13,741	50,768	181,633	63,060	48,019	60,114	292,712
Unrealized Carried Interest	69,300	65,891	(39,356)	22,219	45,484	98,046	28,347
Total Compensation and Benefits	156,930	189,813	226,019	176,123	189,912	395,463	592,054
Other Operating Expenses	47,534	52,465	42,822	47,665	49,773	143,968	140,260
Total Expenses	204,464	242,278	268,841	223,788	239,685	539,431	732,314
Economic Income	\$ 132,138	\$ 222,862	\$ 360,668	\$ 178,299	\$ 164,785	\$ 355,938	\$ 703,752
Total Assets Under Management	\$ 99,722,322	\$ 100,192,950	\$ 99,711,406	\$ 100,020,379	\$ 102,456,322	\$ 99,722,322	\$ 102,456,322
Fee-Earning Assets Under Management	\$ 69,347,910	\$ 69,113,409	\$ 68,231,620	\$ 68,030,331	\$ 67,540,399	\$ 69,347,910	\$ 67,540,399
Weighted Average Fee-Earning AUM	\$ 69,546,251	\$ 69,616,781	\$ 68,618,130	\$ 68,196,699	\$ 67,609,339	\$ 63,760,989	\$ 68,160,269
LP Capital Invested	\$ 1,683,747	\$ 2,355,726	\$ 4,736,388	\$ 3,846,841	\$ 3,725,919	\$ 5,087,881	\$ 12,309,148
Total Capital Invested	\$ 1,804,304	\$ 2,495,215	\$ 6,748,859	\$ 4,221,479	\$ 4,279,062	\$ 5,416,296	\$ 15,249,400

Real Estate

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 197,629	\$ 196,621	\$ 197,879	\$ 227,865	\$ 224,048	\$ 598,540	\$ 649,792
Transaction and Other Fees, Net	14,190	24,228	21,279	16,087	20,616	71,096	57,982
Management Fee Offsets	(842)	(1,666)	(3,550)	(5,018)	(4,232)	(5,656)	(12,800)
Total Management Fees, Net	210,977	219,183	215,608	238,934	240,432	663,980	694,974
Performance Fees							
Realized Carried Interest	461,980	274,495	519,841	389,004	261,122	928,989	1,169,967
Realized Incentive Fees	3,857	15,600	2,914	5,315	50,588	14,025	58,817
Unrealized Carried Interest	(113,449)	58,849	(22,268)	77,200	292,544	(209,846)	347,476
Unrealized Incentive Fees	14,445	9,375	18,713	22,608	(21,977)	30,152	19,344
Total Performance Fees	366,833	358,319	519,200	494,127	582,277	763,320	1,595,604
Investment Income (Loss)							
Realized	46,704	43,104	119,579	57,599	44,449	79,608	221,627
Unrealized	(6,725)	16,645	(83,853)	(20,519)	(8,319)	(17,764)	(112,691)
Total Investment Income	39,979	59,749	35,726	37,080	36,130	61,844	108,936
Interest Income and Dividend Revenue	12,460	15,508	18,167	20,998	24,283	38,732	63,448
Other	(548)	16,749	(3,150)	(22,965)	(13,108)	(226)	(39,223)
Total Revenues	629,701	669,508	785,551	768,174	870,014	1,527,650	2,423,739
Expenses							
Compensation	99,886	82,000	102,702	110,266	105,753	303,352	318,721
Performance Fee Compensation							
Realized Carried Interest	147,419	85,686	179,925	124,292	84,192	246,936	388,409
Realized Incentive Fees	1,764	4,888	1,364	2,931	21,887	7,197	26,182
Unrealized Carried Interest	(38,972)	41,787	11,798	59,174	113,731	2,988	184,703
Unrealized Incentive Fees	6,229	3,943	8,509	9,680	(10,005)	12,929	8,184
Total Compensation and Benefits	216,326	218,304	304,298	306,343	315,558	573,402	926,199
Other Operating Expenses	47,908	55,756	51,969	55,373	58,012	148,206	165,354
Total Expenses	264,234	274,060	356,267	361,716	373,570	721,608	1,091,553
Economic Income	\$ 365,467	\$ 395,448	\$ 429,284	\$ 406,458	\$ 496,444	\$ 806,042	\$ 1,332,186
Total Assets Under Management	\$ 101,876,562	\$ 101,963,652	\$ 102,070,930	\$ 104,034,287	\$ 111,298,844	\$ 101,876,562	\$ 111,298,844
Fee-Earning Assets Under Management	\$ 65,785,083	\$ 72,030,054	\$ 71,904,741	\$ 73,710,243	\$ 75,081,521	\$ 65,785,083	\$ 75,081,521
Weighted Average Fee-Earning AUM	\$ 66,708,328	\$ 68,688,082	\$ 72,268,792	\$ 73,320,319	\$ 74,340,895	\$ 67,150,535	\$ 73,647,952
LP Capital Invested	\$ 1,719,764	\$ 3,978,386	\$ 2,590,419	\$ 2,371,918	\$ 3,778,790	\$ 6,991,360	\$ 8,741,127
Total Capital Invested	\$ 1,749,778	\$ 4,048,827	\$ 2,651,965	\$ 2,379,922	\$ 3,841,972	\$ 7,127,430	\$ 8,873,859

Hedge Fund Solutions

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 130,305	\$ 131,150	\$ 128,468	\$ 128,698	\$ 129,410	\$ 390,586	\$ 386,576
Transaction and Other Fees, Net	116	407	259	1,696	48	654	2,003
Management Fee Offsets	-	-	-	-	(28)	-	(28)
Total Management Fees, Net	130,421	131,557	128,727	130,394	129,430	391,240	388,551
Performance Fees							
Realized Incentive Fees	4,572	35,172	14,684	6,995	14,217	7,005	35,896
Unrealized Carried Interest	(84)	(245)	3,797	143	635	749	4,575
Unrealized Incentive Fees	12,038	(9,354)	40,311	22,458	29,349	10,139	92,118
Total Performance Fees	16,526	25,573	58,792	29,596	44,201	17,893	132,589
Investment Income (Loss)							
Realized	(1,211)	(753)	(632)	225	1,316	(6,471)	909
Unrealized	12,219	6,177	18,293	11,578	12,723	9,285	42,594
Total Investment Income	11,008	5,424	17,661	11,803	14,039	2,814	43,503
Interest Income and Dividend Revenue	4,692	7,890	7,554	8,769	10,594	15,193	26,917
Other	(260)	8,680	(1,610)	(10,720)	(5,859)	(523)	(18,189)
Total Revenues	162,387	179,124	211,124	169,842	192,405	426,617	573,371
Expenses							
Compensation	47,206	39,509	47,604	47,361	44,347	145,811	139,312
Performance Fee Compensation							
Realized Incentive Fees	2,902	13,307	7,317	4,362	6,884	6,090	18,563
Unrealized Carried Interest	35	(92)	1,209	178	216	273	1,603
Unrealized Incentive Fees	4,557	(3,550)	14,004	9,242	10,397	3,842	33,643
Total Compensation and Benefits	54,700	49,174	70,134	61,143	61,844	156,016	193,121
Other Operating Expenses	27,432	27,840	25,800	26,240	29,047	80,796	81,087
Total Expenses	82,132	77,014	95,934	87,383	90,891	236,812	274,208
Economic Income	\$ 80,255	\$ 102,110	\$ 115,190	\$ 82,459	\$ 101,514	\$ 189,805	\$ 299,163
Total Assets Under Management	\$ 70,113,508	\$ 71,119,718	\$ 73,303,381	\$ 72,476,444	\$ 74,219,563	\$ 70,113,508	\$ 74,219,563
Fee-Earning Assets Under Management	\$ 66,434,971	\$ 66,987,553	\$ 68,812,528	\$ 67,824,464	\$ 69,037,961	\$ 66,434,971	\$ 69,037,961
Weighted Average Fee-Earning AUM	\$ 66,600,260	\$ 67,993,100	\$ 68,406,531	\$ 69,301,130	\$ 68,957,501	\$ 66,216,755	\$ 68,902,797
LP Capital Invested	\$ 144,505	\$ 260,482	\$ 121,857	\$ 89,985	\$ 360,748	\$ 493,066	\$ 572,590
Total Capital Invested	\$ 151,099	\$ 260,742	\$ 121,888	\$ 93,191	\$ 363,420	\$ 513,701	\$ 578,499

Credit

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Revenues							
Management Fees, Net							
Base Management Fees	\$ 133,867	\$ 135,499	\$ 139,147	\$ 138,250	\$ 134,336	\$ 391,249	\$ 411,733
Transaction and Other Fees, Net	1,823	2,011	1,484	2,162	1,362	4,589	5,008
Management Fee Offsets	(7,091)	(10,781)	(17,859)	(4,653)	(4,867)	(26,731)	(27,379)
Total Management Fees, Net	128,599	126,729	122,772	135,759	130,831	369,107	389,362
Performance Fees							
Realized Carried Interest	15,644	10,223	8,800	16,032	6,269	15,940	31,101
Realized Incentive Fees	21,866	33,221	29,539	28,796	36,393	67,078	94,728
Unrealized Carried Interest	75,093	59,344	48,557	(12,863)	59,415	147,609	95,109
Unrealized Incentive Fees	5,689	2,429	992	3,461	(15,844)	6,988	(11,391)
Total Performance Fees	118,292	105,217	87,888	35,426	86,233	237,615	209,547
Investment Income (Loss)							
Realized	(328)	2,976	3,058	1,895	7,346	8,028	12,299
Unrealized	12,875	7,195	7,449	788	(4,460)	3,726	3,777
Total Investment Income	12,547	10,171	10,507	2,683	2,886	11,754	16,076
Interest Income and Dividend Revenue	6,769	7,344	9,233	11,037	14,132	20,945	34,402
Other	(28)	9,171	(1,727)	(12,660)	(6,831)	403	(21,218)
Total Revenues	266,179	258,632	228,673	172,245	227,251	639,824	628,169
Expenses							
Compensation	47,614	46,400	54,979	56,786	56,289	155,687	168,054
Performance Fee Compensation							
Realized Carried Interest	7,267	4,989	4,633	7,937	1,803	7,461	14,373
Realized Incentive Fees	10,770	15,091	14,071	14,188	18,052	31,523	46,311
Unrealized Carried Interest	39,681	30,005	21,962	(7,071)	27,727	73,940	42,618
Unrealized Incentive Fees	2,722	1,096	626	1,678	(7,486)	2,874	(5,182)
Total Compensation and Benefits	108,054	97,581	96,271	73,518	96,385	271,485	266,174
Other Operating Expenses	28,016	36,611	32,701	36,406	36,747	83,700	105,854
Total Expenses	136,070	134,192	128,972	109,924	133,132	355,185	372,028
Economic Income	\$ 130,109	\$ 124,440	\$ 99,701	\$ 62,321	\$ 94,119	\$ 284,639	\$ 256,141
Total Assets Under Management	\$ 89,327,781	\$ 93,277,145	\$ 93,111,200	\$ 94,525,171	\$ 99,475,017	\$ 89,327,781	\$ 99,475,017
Fee-Earning Assets Under Management	\$ 66,189,763	\$ 68,961,656	\$ 71,266,662	\$ 72,369,473	\$ 74,038,544	\$ 66,189,763	\$ 74,038,544
Weighted Average Fee-Earning AUM	\$ 65,648,573	\$ 68,177,879	\$ 70,289,518	\$ 71,148,399	\$ 73,206,846	\$ 63,633,382	\$ 71,690,062
LP Capital Invested	\$ 588,389	\$ 1,380,009	\$ 2,261,266	\$ 1,490,880	\$ 2,177,565	\$ 1,874,840	\$ 5,929,711
Total Capital Invested	\$ 605,383	\$ 1,416,913	\$ 2,318,201	\$ 1,687,991	\$ 2,440,716	\$ 1,996,286	\$ 6,446,908

Unitholder Distribution

- ▶ Generated \$0.52 of Distributable Earnings per common unit during the quarter, up 8% from the prior year, bringing the year-to-date amount to \$2.17 per common unit.
- ▶ Declared a quarterly distribution of \$0.44 per common unit to record holders as of October 30, 2017; payable on November 6, 2017.

(Dollars in Thousands, Except per Unit Data)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	% Change		% Change	
						vs. 3Q'16	3Q'16 YTD	3Q'17 YTD	vs. 3Q'16 YTD
Distributable Earnings	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	5%	\$ 1,482,581	\$ 2,637,069	78%
Add: Other Payables Attributable to Common Unitholders	30,576	41,304	6,632	29,808	9,448	(69)%	41,014	45,888	12%
DE before Certain Payables	624,029	680,298	1,236,770	811,173	635,014	2%	1,523,595	2,682,957	76%
Percent to Common Unitholders	54%	55%	55%	56%	56%		54%	55%	
DE before Certain Payables Attributable to Common Unitholders	340,069	373,655	683,473	451,302	353,193	4%	828,453	1,487,968	80%
Less: Other Payables Attributable to Common Unitholders	(30,576)	(41,304)	(6,632)	(29,808)	(9,448)	(69)%	(41,014)	(45,888)	12%
DE Attributable to Common Unitholders	309,493	332,351	676,841	421,494	343,745	11%	787,439	1,442,080	83%
DE per Common Unit	\$ 0.48	\$ 0.51	\$ 1.02	\$ 0.63	\$ 0.52	8%	\$ 1.22	\$ 2.17	78%
Less: Retained Capital per Common Unit	\$ (0.07)	\$ (0.04)	\$ (0.15)	\$ (0.09)	\$ (0.08)	14%	\$ (0.17)	\$ (0.32)	88%
Actual Distribution per Common Unit	\$ 0.41	\$ 0.47	\$ 0.87	\$ 0.54	\$ 0.44	7%	\$ 1.05	\$ 1.85	76%
Record Date					Oct 30, 2017				
Payable Date					Nov 6, 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 \$53 million for 3Q'17 and \$212 million for 3Q'17 YTD.

Total Assets Under Management

3Q'17 Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'17	\$ 100,020	\$ 104,034	\$ 72,476	\$ 94,525	\$ 371,056
Inflows	3,281	6,435	2,412	7,570	19,699
Outflows	(187)	(202)	(1,684)	(852)	(2,925)
Realizations	(2,393)	(3,084)	(102)	(3,243)	(8,822)
Net Inflows	702	3,149	627	3,475	7,953
Market Activity	1,734	4,115	1,116	1,475	8,441
3Q'17	\$ 102,456	\$ 111,299	\$ 74,220	\$ 99,475	\$ 387,450
QoQ Increase	2%	7%	2%	5%	4%

3Q'17 LTM Total AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'16	\$ 99,722	\$ 101,877	\$ 70,114	\$ 89,328	\$ 361,040
Inflows	10,844	15,279	11,174	25,108	62,405
Outflows	(1,174)	(1,343)	(10,732)	(6,476)	(19,726)
Realizations	(15,176)	(17,978)	(1,025)	(12,410)	(46,588)
Net Inflows (Outflows)	(5,505)	(4,042)	(583)	6,221	(3,909)
Market Activity	8,239	13,464	4,689	3,926	30,318
3Q'17	\$ 102,456	\$ 111,299	\$ 74,220	\$ 99,475	\$ 387,450
YoY Increase	3%	9%	6%	11%	7%

3Q'17 Highlights

Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$3.7 billion) and Strategic Partners (\$424 million), partially offset by \$997 million of allocations from multi-asset products to other strategies.
- ▶ **Realizations:** Strategic Partners (\$852 million); Corporate Private Equity (\$715 million); Tactical Opportunities (\$638 million).
- ▶ **Market Activity:** Carrying value increase of 3.3% within Corporate Private Equity.

Real Estate

- ▶ **Inflows:** First close for second Asian opportunistic fund (\$5.0 billion); BPP U.S. fund and co-invest (\$490 million); BREIT (\$375 million); BREDS (\$310 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$2.6 billion); BREDS (\$299 million); core+ funds (\$168 million).
- ▶ **Market Activity:** Carrying value increases of 5.5% and 3.2% within the opportunistic and core+ funds, respectively.

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.5 billion); commingled products (\$548 million); customized solutions (\$317 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$1.1 billion); customized solutions (\$622 million).
- ▶ **Market Activity:** BAAM's Principal Solutions Composite up 2.3% gross (2.0% net) during the quarter.

Credit

- ▶ **Inflows:** Distressed strategies (\$4.8 billion); two new CLOs (\$1.1 billion); BDCs (\$648 million); long only (\$593 million); mezzanine funds (\$330 million).
- ▶ **Outflows and Realizations:** Distressed strategies (\$1.5 billion); capital returned to investors for CLOs outside investment periods (\$896 million); mezzanine funds (\$779 million); dividends from BDCs (\$493 million); long only (\$441 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.

Fee-Earning Assets Under Management

3Q'17 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
2Q'17	\$ 68,030	\$ 73,710	\$ 67,824	\$ 72,369	\$ 281,935
Inflows	611	2,039	1,563	4,279	8,493
Outflows	(108)	(310)	(1,329)	(774)	(2,522)
Realizations	(1,111)	(1,257)	(79)	(2,712)	(5,159)
Net Inflows (Outflows)	(608)	472	155	793	812
Market Activity	118	900	1,059	876	2,952
3Q'17	\$ 67,540	\$ 75,082	\$ 69,038	\$ 74,039	\$ 285,698
QoQ Increase (Decrease)	(1)%	2%	2%	2%	1%

3Q'17 LTM Fee-Earning AUM Rollforward

(Dollars in Millions)

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
3Q'16	\$ 69,348	\$ 65,785	\$ 66,435	\$ 66,190	\$ 267,758
Inflows	6,125	18,259	9,349	20,475	54,208
Outflows	(1,556)	(2,534)	(10,039)	(3,861)	(17,991)
Realizations	(6,840)	(8,537)	(926)	(10,842)	(27,144)
Net Inflows (Outflows)	(2,270)	7,188	(1,616)	5,771	9,073
Market Activity	462	2,108	4,219	2,078	8,868
3Q'17	\$ 67,540	\$ 75,082	\$ 69,038	\$ 74,039	\$ 285,698
YoY Increase (Decrease)	(3)%	14%	4%	12%	7%

3Q'17 Highlights

Private Equity

- ▶ **Inflows:** Tactical Opportunities (\$515 million) and Strategic Partners (\$399 million), partially offset by \$340 million of allocations from multi-asset products to other strategies.
- ▶ **Realizations:** Strategic Partners (\$625 million); Tactical Opportunities (\$273 million); Corporate Private Equity (\$190 million).

Real Estate

- ▶ **Inflows:** BPP U.S. fund and co-invest (\$721 million); BREDS (\$718 million); BREIT (\$375 million); BREP opportunistic funds (\$199 million).
- ▶ **Realizations:** BREP opportunistic funds and co-invest (\$766 million); BREDS (\$353 million); core+ funds (\$133 million).

Hedge Fund Solutions

- ▶ **Inflows:** Individual investor and specialized solutions (\$1.1 billion); commingled products (\$400 million); customized solutions (\$100 million).
- ▶ **Outflows and Realizations:** Individual investor and specialized solutions (\$803 million); customized solutions (\$572 million).

Credit

- ▶ **Inflows:** Distressed strategies (\$1.3 billion); two new CLOs (\$1.1 billion); mezzanine funds (\$770 million); BDCs (\$648 million); long only (\$493 million).
- ▶ **Outflows and Realizations:** Distressed strategies (\$1.2 billion); capital returned to investors for CLOs outside investment periods (\$801 million); mezzanine funds (\$589 million); dividends from BDCs (\$493 million); long only (\$422 million).

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

Net Accrued Performance Fees

(Dollars in Millions, Except per Unit Data)	Net Accrued Performance Fees			
	2Q'17	3Q'17	3Q'17 Per Unit	QoQ Change
Private Equity				
BCP IV Carried Interest	\$ 86	\$ 96	\$ 0.08	\$ 10
BCP V Carried Interest	68	75	0.06	7
BCP VI Carried Interest	579	618	0.52	39
BEP I Carried Interest	89	77	0.06	(12)
BEP II Carried Interest	12	14	0.01	2
Tactical Opportunities Carried Interest	117	119	0.10	2
BTAS Carried Interest	27	14	0.01	(13)
Strategic Partners Carried Interest	46	56	0.05	10
Other Carried Interest	4	2	-	(2)
Total Private Equity	\$ 1,028	\$ 1,071	\$ 0.89	\$ 43
Real Estate				
BREP IV Carried Interest	8	8	0.01	-
BREP V Carried Interest	238	241	0.20	3
BREP VI Carried Interest	229	247	0.21	18
BREP VII Carried Interest	544	612	0.51	68
BREP VIII Carried Interest	211	248	0.21	37
BREP Europe III Carried Interest	169	182	0.15	13
BREP Europe IV Carried Interest	367	402	0.34	35
BREP Europe V Carried Interest	-	9	0.01	9
BREP Asia Carried Interest	76	85	0.07	9
BPP Carried Interest	70	86	0.07	16
BPP Incentive Fees	48	56	0.05	8
BREIT Incentive Fees	3	6	0.01	3
BREDS Carried Interest	17	20	0.02	3
BREDS Incentive Fees	10	12	0.01	2
Asia Platform Incentive Fees	7	9	0.01	2
Total Real Estate	\$ 1,997	\$ 2,223	\$ 1.85	\$ 226
Hedge Fund Solutions				
Carried Interest	-	5	-	5
Incentive Fees	50	69	0.06	19
Total Hedge Fund Solutions	\$ 50	\$ 74	\$ 0.06	\$ 24
Credit				
Carried Interest	192	224	0.19	32
Incentive Fees	25	18	0.02	(7)
Total Credit	\$ 217	\$ 242	\$ 0.20	\$ 25
Total Blackstone				
Carried Interest	3,149	3,440	2.87	291
Incentive Fees	143	170	0.14	27
Net Accrued Performance Fees	\$ 3,292	\$ 3,610	\$ 3.01	\$ 318
<i>Memo: Net Realized Performance Fees</i>	<i>\$ 42</i>	<i>\$ 129</i>	<i>\$ 0.11</i>	<i>\$ 87</i>

\$3.6 billion

Net Accrued Performance Fees at 3Q'17

\$3.01 per unit

Net Accrued Performance Fees at 3Q'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 September 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	-	\$ 1,741,738	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	20,537	1.6x	-	2,951,018	1.4x	2,971,555	1.4x	6%	6%
BCP IV (Nov 2002 / Dec 2005)	6,773,182	209,846	1,175,372	1.2x	36%	20,314,898	3.1x	21,490,270	2.8x	41%	36%
BCP V (Dec 2005 / Jan 2011)	21,024,904	1,246,115	2,532,571	1.1x	43%	35,584,157	2.0x	38,116,728	1.9x	9%	8%
BCP VI (Jan 2011 / May 2016)	15,189,742	1,888,759	15,561,103	1.6x	18%	6,855,306	1.8x	22,416,409	1.6x	17%	12%
BEP I (Aug 2011 / Feb 2015)	2,437,608	165,197	2,697,741	1.4x	29%	944,061	1.9x	3,641,802	1.5x	37%	12%
BEP II (Feb 2015 / Feb 2021)	4,847,703	2,104,568	2,110,159	1.3x	-	-	n/a	2,110,159	1.3x	n/a	15%
BCP VII (May 2016 / May 2022)	18,546,060	14,233,167	2,630,834	1.1x	-	12,597	1.0x	2,643,431	1.1x	n/m	n/m
Total Corporate Private Equity	\$ 77,144,132	\$ 19,872,227	\$ 26,728,317	1.4x	19%	\$ 80,845,282	2.2x	\$ 107,573,599	1.9x	17%	15%
Tactical Opportunities	16,171,484	7,168,854	9,821,610	1.2x	6%	2,976,806	1.5x	12,798,416	1.3x	24%	11%
Tactical Opportunities Co-Investment and Other	4,690,335	2,255,630	2,261,966	1.2x	-	598,913	1.7x	2,860,879	1.3x	n/a	16%
Strategic Partners I-V and Co-Investment (e)	11,862,571	1,814,378	2,505,236	n/m	-	14,833,270	n/m	17,338,506	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (e)	7,402,171	2,595,063	3,384,834	n/m	-	1,943,750	n/m	5,328,584	1.4x	n/a	21%
Strategic Partners VII (e)	7,489,970	4,670,462	1,595,269	n/m	-	152,414	n/m	1,747,683	1.4x	n/a	82%
Strategic Partners RA II (e)	495,204	220,389	n/m	n/m	-	-	n/m	209,874	1.0x	n/a	n/m
BCEP (f)	4,755,133	3,380,911	1,374,222	1.0x	-	-	n/a	1,374,222	1.0x	n/a	n/m
Other Funds and Co-Investment (g)	454,483	n/m	45,521	0.8x	40%	636,117	0.9x	681,638	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	-	379,551	0.5x	34%	4,160,228	2.2x	4,539,779	1.7x	31%	12%
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	2,236,033	2.1x	22%	11,078,880	2.3x	13,314,913	2.3x	12%	11%
BREP VI (Feb 2007 / Aug 2011)	11,060,444	557,525	2,307,696	2.0x	27%	25,016,549	2.5x	27,324,245	2.5x	14%	13%
BREP VII (Aug 2011 / Apr 2015)	13,495,032	2,061,915	14,435,174	1.7x	17%	12,920,004	1.9x	27,355,178	1.8x	27%	18%
BREP VIII (Apr 2015 / Oct 2020)	16,427,724	9,656,801	9,223,720	1.4x	1%	2,559,094	1.3x	11,782,814	1.3x	19%	18%
Total Global BREP	\$ 51,963,781	\$ 12,276,241	\$ 28,582,174	1.6x	13%	\$ 63,269,673	2.2x	\$ 91,851,847	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)	1,629,748	-	209,701	0.7x	28%	2,181,999	2.0x	2,391,700	1.7x	8%	6%
BREP Europe III (Jun 2008 / Sep 2013)	3,205,140	459,583	2,772,915	2.0x	-	3,452,579	2.2x	6,225,494	2.1x	21%	16%
BREP Europe IV (Sep 2013 / Dec 2016)	6,707,816	1,433,722	8,660,125	1.6x	3%	1,531,055	1.7x	10,191,180	1.6x	26%	18%
BREP Europe V (Dec 2016 / Jun 2022)	7,807,139	5,925,061	1,841,685	1.1x	-	-	n/a	1,841,685	1.1x	n/a	22%
Total Euro BREP	€ 20,174,015	€ 7,818,366	€ 13,484,426	1.6x	3%	€ 8,534,649	2.0x	€ 22,019,075	1.7x	16%	14%
BREP Asia (Jun 2013 / Dec 2017)	\$ 5,089,703	\$ 2,607,059	\$ 3,375,019	1.4x	1%	\$ 2,225,256	1.7x	\$ 5,600,275	1.5x	21%	17%
BREP Asia II (TBD)	5,032,145	5,032,145	-	n/a	n/a	-	n/a	-	n/a	n/a	n/a
BREP Co-Investment (h)	6,819,065	146,573	2,488,446	1.8x	58%	11,146,852	2.1x	13,635,298	2.0x	16%	16%
Total BREP	\$ 93,606,713	\$ 29,405,748	\$ 50,753,493	1.6x	11%	\$ 87,949,272	2.2x	\$ 138,702,765	1.9x	18%	16%
BPP (i)	\$ 14,810,971	\$ 3,062,857	\$ 15,258,841	1.3x	-	\$ 107,286	1.9x	\$ 15,366,127	1.3x	36%	12%
BREDS (j)	\$ 12,893,818	\$ 5,922,509	\$ 3,409,185	1.2x	-	\$ 7,402,762	1.3x	\$ 10,811,947	1.3x	12%	11%

Continued...

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

(Dollars in Thousands, Except Where Noted)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
Hedge Fund Solutions											
BSCH (Dec 2013 / Jun 2020) (k)	\$ 3,298,575	\$ 2,599,011	\$ 722,732	1.0x	-	\$ 153,615	n/a	\$ 876,347	1.3x	n/a	5%
BSCH Co-Investment	276,000	211,687	62,320	1.0x	-	4,298	n/a	66,618	1.0x	n/a	1%
Total Hedge Fund Solutions	\$ 3,574,575	\$ 2,810,698	\$ 785,052	1.0x	-	\$ 157,913	n/a	\$ 942,965	1.2x	n/a	4%
Credit (l)											
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 99,280	\$ 146,603	1.2x	-	\$ 4,679,765	1.6x	\$ 4,826,368	1.6x	n/a	17%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,155,092	3,262,282	1.2x	-	3,035,304	1.4x	6,297,586	1.3x	n/a	13%
Mezzanine III (Sep 2016 / Sep 2021)	6,639,133	4,252,938	2,120,486	1.1x	-	203,029	1.1x	2,323,515	1.1x	n/a	13%
Stressed / Distressed Investing I (Sep 2009 / May 2013)	3,253,143	275,335	808,796	1.1x	-	5,120,819	1.5x	5,929,615	1.4x	n/a	11%
Stressed / Distressed Investing II (Jun 2013 / Jun 2018)	5,125,000	907,391	3,652,108	1.2x	-	1,584,226	1.2x	5,236,334	1.2x	n/a	14%
Stressed / Distressed Investing III (TBD)	6,004,072	6,004,072	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,866	1,143,357	1,614,309	1.1x	-	172,602	1.5x	1,786,911	1.2x	n/a	22%
Euro											
European Senior Debt Fund (Feb 2015 / Feb 2018)	€ 1,964,689	€ 2,032,669	€ 1,538,527	1.0x	-	€ 371,825	1.2x	€ 1,910,352	1.1x	n/a	9%
Total Credit	\$ 32,264,624	\$ 16,240,486	\$ 13,417,332	1.1x	-	\$ 15,215,191	1.5x	\$ 28,632,523	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 September 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 eight credit drawdown funds presented.

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17 ^(o)	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Net Income Attributable to The Blackstone Group L.P.	\$ 312,905	\$ 367,951	\$ 461,825	\$ 342,775	\$ 384,642	\$ 671,284	\$ 1,189,242
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	285,267	342,010	417,258	287,979	345,650	618,274	1,050,887
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	82,653	58,684	138,685	112,944	113,446	187,468	365,075
Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	10,764	1,663	2,000	991	3,215	2,314	6,206
Net Income	\$ 691,589	\$ 770,308	\$ 1,019,768	\$ 744,689	\$ 846,953	\$ 1,479,340	\$ 2,611,410
Provision for Taxes	27,714	48,087	57,437	29,608	59,512	84,275	146,557
Income Before Provision for Taxes	\$ 719,303	\$ 818,395	\$ 1,077,205	\$ 774,297	\$ 906,465	\$ 1,563,615	\$ 2,757,967
Transaction-Related Charges ^(a)	60,029	70,816	56,979	57,831	55,714	194,121	170,524
Amortization of Intangibles ^(b)	22,054	15,996	11,344	11,344	11,344	68,470	34,032
(Income) Associated with Non-Controlling Interests of Consolidated Entities ^(c)	(93,417)	(60,347)	(140,685)	(113,935)	(116,661)	(189,782)	(371,281)
Economic Income	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 856,862	\$ 1,636,424	\$ 2,591,242
(Taxes) ^(d)	(20,985)	(33,250)	(18,805)	(24,168)	(22,552)	(59,013)	(65,525)
Economic Net Income	\$ 686,984	\$ 811,610	\$ 986,038	\$ 705,369	\$ 834,310	\$ 1,577,411	\$ 2,525,717
Taxes ^(d)	20,985	33,250	18,805	24,168	22,552	59,013	65,525
Performance Fee Adjustment ^(e)	(672,646)	(741,903)	(1,063,728)	(757,006)	(894,632)	(1,436,083)	(2,715,366)
Investment (Income) Adjustment ^(f)	(87,887)	(99,282)	(103,959)	(67,720)	(77,572)	(121,008)	(249,251)
Other Revenue ^(g)	425	(52,839)	8,287	62,469	34,144	(1,873)	104,900
Net Interest Loss ^(h)	14,184	10,542	10,954	6,591	2,864	41,081	20,409
Performance Fee Compensation and Benefits Adjustment ⁽ⁱ⁾	267,415	313,809	407,695	311,870	360,901	554,213	1,080,466
Equity-Based Compensation - Non-Incentive Fee Related ^(j)	16,624	19,308	26,650	25,442	24,141	54,439	76,233
Fee Related Earnings	\$ 246,084	\$ 294,495	\$ 290,742	\$ 311,183	\$ 306,708	\$ 727,193	\$ 908,633
Net Realized Performance Fees ^(k)	352,008	327,053	772,780	429,177	293,339	791,737	1,495,296
Realized Investment Income ^(l)	60,634	95,666	202,894	100,887	60,188	104,203	363,969
Net Interest (Loss) ^(h)	(14,184)	(10,542)	(10,954)	(6,591)	(2,864)	(41,081)	(20,409)
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	(51,089)	(67,678)	(25,324)	(53,291)	(31,805)	(99,471)	(110,420)
Distributable Earnings	\$ 593,453	\$ 638,994	\$ 1,230,138	\$ 781,365	\$ 625,566	\$ 1,482,581	\$ 2,637,069
Interest Expense ⁽ⁿ⁾	47,265	53,030	56,830	59,846	66,962	144,476	183,638
Taxes and Related Payables Including Payable Under Tax Receivable Agreement ^(m)	51,089	67,678	25,324	53,291	31,805	99,471	110,420
Depreciation and Amortization	7,338	12,010	6,216	6,392	6,027	19,961	18,635
Adjusted EBITDA	\$ 699,145	\$ 771,712	\$ 1,318,508	\$ 900,894	\$ 730,360	\$ 1,746,489	\$ 2,949,762

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 certain 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)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Management and Advisory Fees, Net							
GAAP	\$ 596,154	\$ 630,092	\$ 642,142	\$ 686,586	\$ 680,641	\$ 1,812,883	\$ 2,009,369
Elimination Adjustment ^(a)	5,526	5,800	7,439	10,250	11,341	14,218	29,030
Total Segment	\$ 601,680	\$ 635,892	\$ 649,581	\$ 696,836	\$ 691,982	\$ 1,827,101	\$ 2,038,399
Performance Fees							
GAAP	\$ 671,032	\$ 741,563	\$ 1,063,142	\$ 756,397	\$ 893,844	\$ 1,434,768	\$ 2,713,383
Elimination Adjustment ^(a)	1,614	340	586	609	788	1,315	1,983
Total Segment	\$ 672,646	\$ 741,903	\$ 1,063,728	\$ 757,006	\$ 894,632	\$ 1,436,083	\$ 2,715,366
Investment Income							
GAAP	\$ 143,103	\$ 116,317	\$ 211,156	\$ 132,333	\$ 170,890	\$ 239,734	\$ 514,379
Consolidation and Elimination Adjustment ^(b)	(55,216)	(17,035)	(107,197)	(64,613)	(93,318)	(118,726)	(265,128)
Total Segment	\$ 87,887	\$ 99,282	\$ 103,959	\$ 67,720	\$ 77,572	\$ 121,008	\$ 249,251
Interest and Dividend Revenue							
GAAP	\$ 21,819	\$ 28,544	\$ 28,495	\$ 33,703	\$ 36,974	\$ 67,180	\$ 99,172
Elimination Adjustment ^(c)	11,262	13,944	17,381	19,552	27,124	36,215	64,057
Total Segment	\$ 33,081	\$ 42,488	\$ 45,876	\$ 53,255	\$ 64,098	\$ 103,395	\$ 163,229
Other							
GAAP	\$ (423)	\$ 52,853	\$ (4,212)	\$ (59,664)	\$ (35,572)	\$ 1,900	\$ (99,448)
Elimination Adjustment ^(a)	(2)	(14)	(4,075)	(2,805)	1,428	(27)	(5,452)
Total Segment	\$ (425)	\$ 52,839	\$ (8,287)	\$ (62,469)	\$ (34,144)	\$ 1,873	\$ (104,900)
Total Revenues							
GAAP	\$ 1,431,685	\$ 1,569,369	\$ 1,940,723	\$ 1,549,355	\$ 1,746,777	\$ 3,556,465	\$ 5,236,855
Consolidation and Elimination Adjustment ^(d)	(36,816)	3,035	(85,866)	(37,007)	(52,637)	(67,005)	(175,510)
Total Segment	\$ 1,394,869	\$ 1,572,404	\$ 1,854,857	\$ 1,512,348	\$ 1,694,140	\$ 3,489,460	\$ 5,061,345
Compensation							
GAAP	\$ 329,634	\$ 304,347	\$ 351,589	\$ 367,203	\$ 359,209	\$ 1,031,061	\$ 1,078,001
Consolidation Adjustment ^(e)	(61,039)	(63,284)	(62,562)	(61,946)	(56,411)	(188,908)	(180,919)
Total Segment	\$ 268,595	\$ 241,063	\$ 289,027	\$ 305,257	\$ 302,798	\$ 842,153	\$ 897,082

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17	3Q'16 YTD	3Q'17 YTD
Other Operating Expenses							
GAAP							
General, Administrative and Other	\$ 124,322	\$ 141,954	\$ 106,044	\$ 115,281	\$ 115,755	\$ 378,355	\$ 337,080
Interest Expense	37,278	41,142	40,246	41,089	41,545	111,512	122,880
GAAP	\$ 161,600	\$ 183,096	\$ 146,290	\$ 156,370	\$ 157,300	\$ 489,867	\$ 459,960
Consolidation and Elimination Adjustment ^(f)	(10,710)	(10,424)	7,002	9,314	16,279	(33,197)	32,595
Total Segment	\$ 150,890	\$ 172,672	\$ 153,292	\$ 165,684	\$ 173,579	\$ 456,670	\$ 492,555
Total Expenses							
GAAP	\$ 773,777	\$ 824,484	\$ 929,650	\$ 885,112	\$ 903,760	\$ 2,104,090	\$ 2,718,522
Less: GAAP Fund Expenses ^(g)	(15,128)	(23,232)	(24,076)	(49,669)	(26,350)	(28,949)	(100,095)
Consolidation and Elimination Adjustment ^(d)	(71,749)	(73,708)	(55,560)	(52,632)	(40,132)	(222,105)	(148,324)
Total Segment	\$ 686,900	\$ 727,544	\$ 850,014	\$ 782,811	\$ 837,278	\$ 1,853,036	\$ 2,470,103
GAAP Income Before Provision for Taxes to Total Segment Economic Income							
GAAP							
Revenues Less Expenses	657,908	744,885	1,011,073	664,243	843,017	1,452,375	2,518,333
Other Income ^(h)	61,395	73,510	66,132	110,054	63,448	111,240	239,634
Income Before Provision for Taxes	719,303	818,395	1,077,205	774,297	906,465	1,563,615	2,757,967
Consolidation and Elimination Adjustment ⁽ⁱ⁾	(11,334)	26,465	(72,362)	(44,760)	(49,603)	72,809	(166,725)
Total Segment	\$ 707,969	\$ 844,860	\$ 1,004,843	\$ 729,537	\$ 856,862	\$ 1,636,424	\$ 2,591,242

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)

	3Q'17		3Q'17 YTD	
	Results	Per Unit	Results	Per Unit
▶ Management and Advisory Fees, Net	\$ 691,982		\$ 2,038,399	
▶ Fee Related Compensation	(278,657)		(820,849)	
▶ Non-Interest Operating Expenses	(106,617)		(308,917)	
Fee Related Earnings	\$ 306,708	\$ 0.26	\$ 908,633	\$ 0.76
▶ Net Realized Incentive Fees	58,044		107,866	
▶ Net Realized Carried Interest	235,295		1,387,430	
▶ Realized Investment Income	60,188		363,969	
▶ Net Interest (Loss)	(2,864)		(20,409)	
▶ Taxes and Related Payables	(31,805)		(110,420)	
Distributable Earnings	\$ 625,566	\$ 0.52	\$ 2,637,069	\$ 2.17
▶ Net Unrealized Incentive Fees	(1,378)		63,426	
▶ Net Unrealized Carried Interest	245,439		85,659	
▶ Unrealized Investment (Loss)	17,384		(114,718)	
▶ Other Revenue	(34,144)		(104,900)	
▶ Add Back: Related Payables	9,253		44,895	
▶ Less: Equity-Based Compensation	(27,810)		(85,714)	
Economic Net Income	\$ 834,310	\$ 0.69	\$ 2,525,717	\$ 2.10

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. 3Q'17 Fee Related Earnings per Unit is based on end of period DE Units Outstanding; 3Q'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 3Q'17 ENI per Unit is based on Weighted-Average ENI Adjusted Units. 3Q'17 YTD per Unit represents the sum of the last three quarters. See page 30, Unit Rollforward.

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

(Dollars in Thousands)	3Q'17	3Q'17 YTD
Compensation	\$ (302,798)	\$ (897,082)
Less: Equity-Based Compensation - Non-Incentive Fee Related	24,141	76,233
Fee Related Compensation	\$ (278,657)	\$ (820,849)
Other Operating Expenses	173,579	492,555
Less: Interest Expense ^(a)	(66,962)	(183,638)
Non-Interest Operating Expenses	\$ 106,617	\$ 308,917
Realized Incentive Fees	101,198	189,441
Less: Realized Incentive Fee Compensation	(46,823)	(91,056)
Plus: Equity-Based Compensation - Incentive Fee Related	3,669	9,481
Net Realized Incentive Fees	\$ 58,044	\$ 107,866
Realized Carried Interest	369,309	2,082,924
Less: Realized Carried Interest Compensation	(134,014)	(695,494)
Net Realized Carried Interest	\$ 235,295	\$ 1,387,430
Interest Income and Dividend Revenue	64,098	163,229
Less: Interest Expense ^(a)	(66,962)	(183,638)
Net Interest (Loss)	\$ (2,864)	\$ (20,409)
Taxes and Related Payables^(a)	\$ (31,805)	\$ (110,420)
Unrealized Incentive Fees	(8,472)	100,071
Less: Unrealized Incentive Fee Compensation	7,094	(36,645)
Net Unrealized Incentive Fees	\$ (1,378)	\$ 63,426
Unrealized Carried Interest	432,597	342,930
Less: Unrealized Carried Interest Compensation	(187,158)	(257,271)
Net Unrealized Carried Interest	\$ 245,439	\$ 85,659
Related Payables^(b)	\$ 9,253	\$ 44,895
Equity-Based Compensation - Non-Incentive Fee Related	24,141	76,233
Plus: Equity-Based Compensation - Incentive Fee Related	3,669	9,481
Equity-Based Compensation^(c)	\$ 27,810	\$ 85,714

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

	3Q'16	4Q'16	1Q'17	2Q'17	3Q'17
Total GAAP Weighted-Average Common Units Outstanding - Basic	650,917,510	655,074,617	660,939,708	664,681,299	667,384,727
<i>Adjustments:</i>					
Weighted-Average Unvested Deferred Restricted Common Units	1,495,331	1,643,603	809,184	998,974	663,474
Weighted-Average Blackstone Holdings Partnership Units	543,392,474	539,139,078	537,758,091	534,326,066	532,454,091
Total GAAP Weighted-Average Units Outstanding - Diluted	1,195,805,315	1,195,857,298	1,199,506,983	1,200,006,339	1,200,502,292
Weighted-Average Economic Net Income Adjusted Units	1,195,805,315	1,195,857,298	1,199,506,983	1,200,006,339	1,200,502,292
Economic Net Income Adjusted Units, End of Period	1,195,797,124	1,196,223,079	1,199,565,618	1,199,890,628	1,200,559,970
Total Common Units Outstanding	649,587,761	654,833,530	661,126,963	665,503,840	667,027,762
<i>Adjustments:</i>					
Blackstone Holdings Partnership Units	542,410,515	537,393,402	535,206,716	530,678,056	532,235,827
Distributable Earnings Units Outstanding	1,191,998,276	1,192,226,932	1,196,333,679	1,196,181,896	1,199,263,589

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.