



Blackstone Reports Fourth Quarter and Full Year 2018 Results

New York, January 31, 2019: Blackstone (NYSE:BX) today reported its fourth quarter and full year 2018 results.

Stephen A. Schwarzman, Chairman and Chief Executive Officer, said, “Blackstone again delivered attractive investment performance for our limited partners in 2018, with nearly all of our flagship strategies handily beating their relevant indices despite significant market volatility. Inflows of more than \$100 billion last year coupled with positive performance drove assets under management to a record \$472 billion. And for our shareholders, we returned \$1 billion through distributions and buybacks for the second consecutive quarter, and \$3 billion for the full year.”

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

Distribution

Blackstone has declared a quarterly distribution of \$0.58 per common unit to record holders of common units at the close of business on February 11, 2019. This distribution will be paid on February 19, 2019.

Quarterly Investor Call Details

Blackstone will host a conference call on January 31, 2019 at 9:00 a.m. ET to discuss fourth quarter and full year 2018 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 420 922 04#.

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 \$472 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter [@Blackstone](https://twitter.com/Blackstone).

Forward-Looking Statements

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone's current views with respect to, among other things, Blackstone's operations, financial performance and unit repurchase and distribution activities. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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Blackstone's Fourth Quarter and Full Year 2018 Earnings

January 31, 2019

Blackstone's Fourth Quarter and Full Year 2018 GAAP Results

► GAAP Net Loss was \$79 million for the quarter and GAAP Net Income was \$3.3 billion for the year. GAAP Net Loss Attributable to The Blackstone Group L.P. was \$11 million for the quarter and GAAP Net Income Attributable to The Blackstone Group L.P. was \$1.5 billion for the year.

(Dollars in Thousands, Except per Unit Data) (Unaudited)	4Q'17	4Q'18	% Change vs. 4Q'17	FY'17	FY'18	% Change vs. FY'17
Revenues						
Management and Advisory Fees, Net	\$ 729,059	\$ 797,554	9%	\$ 2,751,322	\$ 3,027,796	10%
Incentive Fees	120,187	15,797	(87)%	242,514	57,540	(76)%
Investment Income (Loss)						
Performance Allocations						
Realized	1,422,262	511,388	(64)%	3,571,811	1,876,507	(47)%
Unrealized	(483,033)	(806,305)	67%	(105,473)	561,373	n/m
Principal Investments						
Realized	184,562	109,901	(40)%	635,769	415,862	(35)%
Unrealized	(20,567)	(218,165)	n/m	42,605	49,917	17%
Total Investment Income (Loss)	1,103,224	(403,181)	n/m	4,144,712	2,903,659	(30)%
Interest and Dividend Revenue	40,524	47,885	18%	139,696	171,947	23%
Other	(33,781)	46,923	n/m	(133,229)	672,317	n/m
Total Revenues	1,959,213	504,978	(74)%	7,145,015	6,833,259	(4)%
Expenses						
Compensation and Benefits						
Compensation	364,484	373,790	3%	1,442,485	1,609,957	12%
Incentive Fee Compensation	43,450	10,260	(76)%	105,279	33,916	(68)%
Performance Allocations Compensation						
Realized	557,244	212,174	(62)%	1,281,965	711,076	(45)%
Unrealized	(166,183)	(302,868)	82%	103,794	319,742	208%
Total Compensation and Benefits	798,995	293,356	(63)%	2,933,523	2,674,691	(9)%
General, Administrative and Other	138,608	153,519	11%	488,582	594,873	22%
Interest Expense	74,606	44,644	(40)%	197,486	163,990	(17)%
Fund Expenses	32,692	3,577	(89)%	132,787	78,486	(41)%
Total Expenses	1,044,901	495,096	(53)%	3,752,378	3,512,040	(6)%
Other Income (Loss)						
Reduction of Tax Receivable Agreement Liability	403,855	-	(100)%	403,855	-	(100)%
Net Gains (Losses) from Fund Investment Activities	81,963	(59,234)	n/m	321,597	191,722	(40)%
Income (Loss) Before Provision for Taxes	\$ 1,400,130	\$ (49,352)	n/m	\$ 4,118,089	\$ 3,512,941	(15)%
Provision for Taxes	596,590	29,366	(95)%	743,147	249,390	(66)%
Net Income (Loss)	\$ 803,540	\$ (78,718)	n/m	\$ 3,374,942	\$ 3,263,551	(3)%
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	7,600	(4,303)	n/m	13,806	(2,104)	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	132,364	(68,800)	n/m	497,439	358,878	(28)%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	359,438	5,253	(99)%	1,392,323	1,364,989	(2)%
Net Income (Loss) Attributable to The Blackstone Group L.P. ("BX")	\$ 304,138	\$ (10,868)	n/m	\$ 1,471,374	\$ 1,541,788	5%
Net Income (Loss) per Common Unit, Basic	\$ 0.45	\$ (0.02)	n/m	\$ 2.21	\$ 2.27	3%
Net Income (Loss) per Common Unit, Diluted	\$ 0.45	\$ (0.02)	n/m	\$ 2.21	\$ 2.26	2%
Income (Loss) Before Provision for Taxes Margin	71.5%	(9.8)%		57.6%	51.4%	

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

Income (Loss) Before Provision for Taxes Margin is calculated by dividing Income (Loss) Before Provision for Taxes by Total Revenues.

Blackstone's Fourth Quarter and Full Year 2018 Highlights

Financial Measures

- ▶ Fee Related Earnings (“FRE”) of \$433 million (\$0.36/unit) in the quarter, up 23% year-over-year
 - FRE was \$1.5 billion for the year (\$1.21/unit), up 9% year-over-year
- ▶ Distributable Earnings (“DE”) of \$722 million (\$0.57/unit) in the quarter, including \$331 million of Net Realizations
 - DE was \$2.7 billion for the year (\$2.17/unit)
- ▶ Net Accrued Performance Revenues receivable of \$3.5 billion (\$2.94/unit), up 5% year-over-year

Capital Metrics

- ▶ Total Assets Under Management (“AUM”) of \$472.2 billion, up 9% year-over-year
- ▶ Inflows of \$38.6 billion in the quarter and \$101.0 billion for the year
- ▶ Realizations of \$8.8 billion in the quarter and \$34.1 billion for the year
- ▶ Deployment of \$16.3 billion in the quarter and \$44.7 billion for the year

Unitholder Distributions

- ▶ Distribution of \$0.58 per common unit payable on February 19, 2019, including the final special cash distribution of \$0.10 per unit
 - Distribution of \$2.15 per common unit for the year
- ▶ Repurchased 7.8 million common units in the quarter and 16.0 million common units in the year, a return of capital of \$542 million for the year
- ▶ DE units outstanding remained flat versus the fourth quarter of 2017

Blackstone's Fourth Quarter and Full Year 2018 Segment Earnings

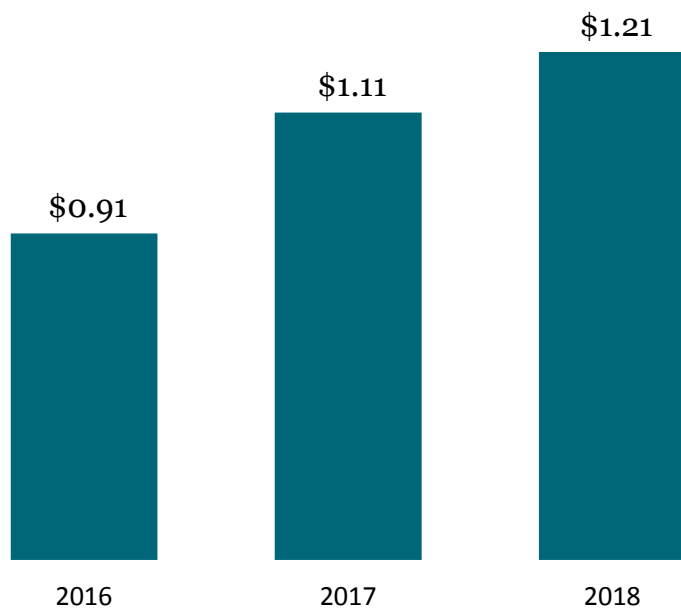
(Dollars in Thousands, Except per Unit Data)	4Q'17	4Q'18	% Change		FY'17	FY'18	% Change	
			vs. 4Q'17				vs. FY'17	
Management and Advisory Fees, Net	\$ 732,392	\$ 798,195	9%		\$ 2,770,791	\$ 3,036,452	10%	
Fee Related Performance Revenues	48,089	44,185	(8)%		169,445	123,836	(27)%	
Fee Related Compensation	(312,033)	(279,284)	(10)%		(1,185,639)	(1,216,146)	3%	
Other Operating Expenses	(115,949)	(130,025)	12%		(424,866)	(488,328)	15%	
Fee Related Earnings	\$ 352,499	\$ 433,071	23%		\$ 1,329,731	\$ 1,455,814	9%	
<i>FRE per Unit</i>	<i>\$ 0.29</i>	<i>\$ 0.36</i>	<i>24%</i>		<i>\$ 1.11</i>	<i>\$ 1.21</i>	<i>9%</i>	
Realized Performance Revenues	1,496,798	483,697	(68)%		3,647,807	1,811,771	(50)%	
Realized Performance Compensation	(573,299)	(199,645)	(65)%		(1,297,611)	(678,141)	(48)%	
Realized Principal Investment Income	72,225	47,098	(35)%		436,194	236,058	(46)%	
Net Realizations	995,724	331,150	(67)%		2,786,390	1,369,688	(51)%	
Total Segment Distributable Earnings	\$ 1,348,223	\$ 764,221	(43)%		\$ 4,116,121	\$ 2,825,502	(31)%	
Net Interest Income (Loss)	(29,509)	11,923	n/m		(49,918)	21,925	n/m	
Taxes and Related Payables	(79,568)	(54,063)	(32)%		(189,988)	(153,865)	(19)%	
Distributable Earnings	\$ 1,239,146	\$ 722,081	(42)%		\$ 3,876,215	\$ 2,693,562	(31)%	
<i>DE per Common Unit</i>	<i>\$ 1.00</i>	<i>\$ 0.57</i>	<i>(43)%</i>		<i>\$ 3.17</i>	<i>\$ 2.17</i>	<i>(32)%</i>	
Total Segment Revenues	\$ 2,349,504	\$ 1,373,175	(42)%		\$ 7,024,237	\$ 5,208,117	(26)%	
Total Assets Under Management	\$ 434,128,243	\$ 472,242,317	9%		\$ 434,128,243	\$ 472,242,317	9%	
Fee-Earning Assets Under Management	\$ 335,343,998	\$ 342,527,507	2%		\$ 335,343,998	\$ 342,527,507	2%	

Total Segment Revenues represents Net Management and Advisory Fees, Fee Related Performance Revenues, Realized Performance Revenues and Realized Principal Investment Income. Fee Related Earnings per Unit is based on end of period DE Units Outstanding (see page 23, Unit Summary). DE per Common Unit is based on DE Attributable to Common Unitholders (see page 22, Unitholder Distribution) and end of period Participating Common Units outstanding. Full Year per Unit amounts represent the sum of the last four quarters. See pages 28-29 for the Reconciliation of GAAP to Total Segment Measures.

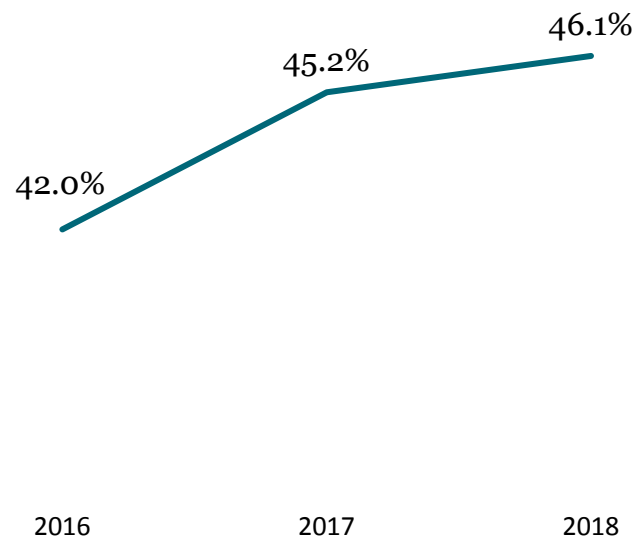
Fee Related Earnings

- ▶ Fee Related Earnings of \$1.21 per unit up 9% year-over-year, a record amount, and up 33% since 2016.
- ▶ FRE margin increased from 45.2% to 46.1% year-over-year, and has increased more than 400 basis points since 2016.

Fee Related Earnings
(Per Unit)



FRE Margin



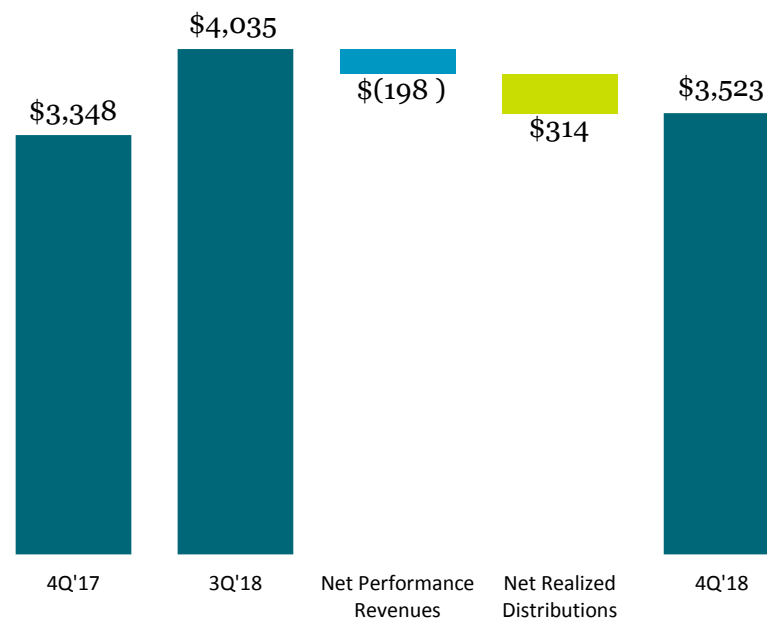
Investment Performance and Net Accrued Performance Revenues

- ▶ Investment performance during the quarter was impacted by declines in public markets, but for the full year nearly all strategies outperformed relevant indices.
- ▶ Net Accrued Performance Revenues were \$3.5 billion (\$2.94/unit), up 5% year-over-year.
 - In the fourth quarter, Net Accrued Performance Revenues decreased \$198 million along with \$314 million of Net Realized Distributions.

Investment Performance (Appreciation / Gross Returns)

	4Q'18	FY'18
Real Estate		
Opportunistic Funds	0.6%	9.8%
Core+	2.3%	10.7%
Private Equity		
Corporate Private Equity	(2.9)%	19.1%
Tactical Opportunities	0.3%	12.2%
Strategic Partners	5.1%	18.6%
Hedge Fund Solutions		
BPS Composite	(2.3)%	2.0%
Credit		
Performing Credit	(0.2)%	8.8%
Distressed	(7.3)%	(3.2)%

Net Accrued Performance Revenues (Dollars in Millions)



Investment Performance represents fund appreciation for Real Estate and Private Equity and gross returns for Hedge Fund Solutions and Credit. Appreciation for core+ funds excludes BREIT. BPS Composite net returns were (2.4)% and 1.2% for 4Q'18 and FY'18, respectively. Performing Credit net composite returns were (0.6)% and 5.9% for 4Q'18 and FY'18, respectively. Distressed net composite returns were (5.9)% and (3.4)% for 4Q'18 and FY'18, respectively. Net Realized Distributions excludes Net Performance Revenues realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Revenues balance.

Capital Metrics Activity

- ▶ Inflows were \$38.6 billion in the quarter, bringing full year inflows to \$101.0 billion.
 - Notable inflows in the quarter include first closes of \$15.4 billion for the ninth global real estate opportunistic fund and \$3.4 billion for the eighth Strategic Partners secondaries fund.
- ▶ Realizations were \$8.8 billion in the quarter, bringing full year realizations to \$34.1 billion.
- ▶ Deployed \$16.3 billion and committed an additional \$3.8 billion during the quarter that is not yet deployed.

(Dollars in Millions)

		Inflows		Realizations		Capital Deployed	
		4Q'18	FY'18	4Q'18	FY'18	4Q'18	FY'18
Real Estate	▶ Total Real Estate	\$ 20,122	\$ 31,478	\$ 3,642	\$ 14,675	\$ 5,729	\$ 18,726
	• Opportunistic	15,878	17,964	2,075	10,524	3,405	8,776
	• Core+	2,476	8,252	891	1,962	1,689	7,786
	• BREDS	1,768	5,262	676	2,189	635	2,165
Private Equity	▶ Total Private Equity	9,825	26,640	3,263	10,397	6,833	16,651
	• Corporate Private Equity	1,283	5,686	1,921	5,843	3,349	7,376
	• Tactical Opportunities	983	7,010	645	2,108	1,554	3,124
	• Strategic Partners	4,297	5,299	697	2,446	1,922	5,381
	• Other Private Equity	3,261	8,645	-	-	7	770
Hedge Fund Solutions	▶ BAAM	2,640	13,278	219	472	575	1,702
Credit	▶ GSO/BIS/Harvest	6,053	29,579	1,658	8,517	3,212	7,636
Total Blackstone		\$ 38,641	\$ 100,976	\$ 8,782	\$ 34,061	\$ 16,350	\$ 44,715

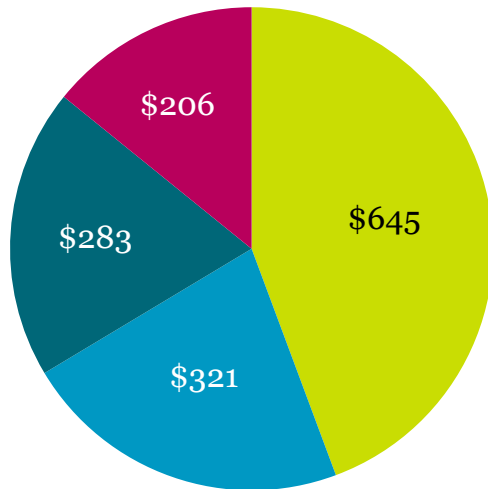
Other Private Equity includes Core PE, Infrastructure, Life Sciences, and BTAS.

Summary of Financials by Segment

- ▶ Performance across segments generated record Fee Related Earnings of \$1.5 billion and Segment Distributable Earnings of \$2.8 billion.

Fee Related Earnings (Dollars in Millions)

FY'18 Total: \$1,456



Real Estate

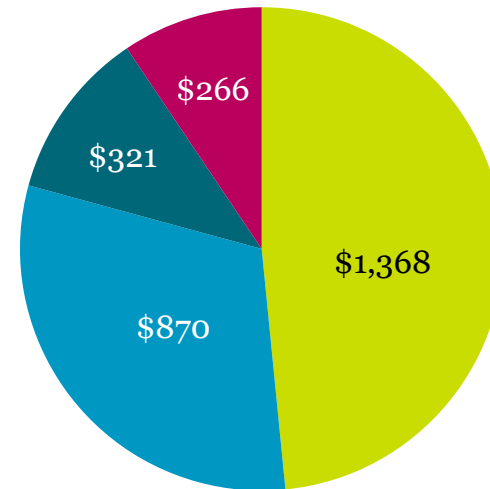
Private Equity

Hedge Fund Solutions

Credit

Segment Distributable Earnings (Dollars in Millions)

FY'18 Total: \$2,826



Assets Under Management

- ▶ Total AUM increased to \$472.2 billion, up 9% year-over-year, driven by \$101.0 billion of inflows despite \$34.1 billion of realizations during the year.
- ▶ Fee-Earning AUM of \$342.5 billion was up 2% year-over-year as \$71.0 billion of inflows outpaced \$62.4 billion of realizations and outflows.
- ▶ Perpetual Capital AUM reached \$72.6 billion, up 6% from the third quarter of 2018.

Total AUM
(Dollars in Billions)



Real Estate

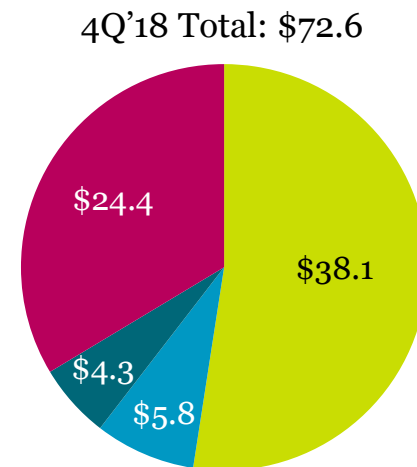
Fee-Earning AUM
(Dollars in Billions)



Private Equity

Hedge Fund Solutions

Perpetual Capital AUM
(Dollars in Billions)



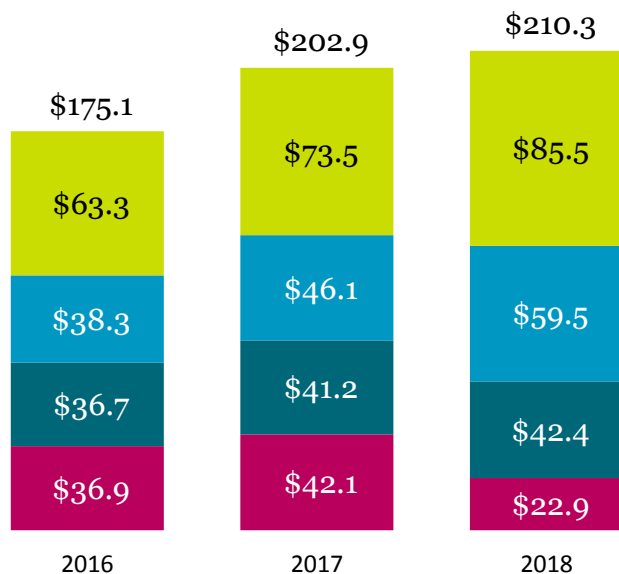
Credit

Additional Capital Detail

- ▶ Invested Performance Revenue Eligible AUM reached \$210.3 billion at quarter end, up 4% year-over-year, and up 20% since 2016.
- ▶ Substantial undrawn capital (“Total Dry Powder”) available for investment of \$112.9 billion, up 19% year-over-year despite significant deployment activity over the year.

Invested Performance Revenue Eligible AUM

(Dollars in Billions)



Real Estate

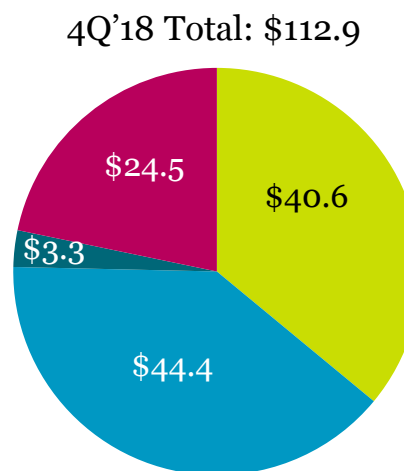
Private Equity

Hedge Fund Solutions

Credit

Total Dry Powder

(Dollars in Billions)



Segment Highlights

Real Estate

- ▶ **Total AUM:** Up 18% to a record \$136.2 billion with record inflows of \$20.1 billion in the quarter and \$31.5 billion for the year.
 - Inflows include \$15.4 billion first close for the ninth global real estate opportunistic fund, with an additional \$1.8 billion raised after the quarter, bringing total fund commitments to \$17.3 billion.
 - Core+ Total AUM up 30% year-over-year to \$35.2 billion, five years after launching the business.
- ▶ **Realizations:** \$3.6 billion in the quarter and \$14.7 billion in the year; realizations in the quarter included sales of U.S. multifamily assets and the Ferry Building (San Francisco) in Equity Office Properties.
- ▶ **Capital Deployed:** \$5.7 billion in the quarter and \$18.7 billion for the year, including privatizations of Gramercy U.S. industrial REIT and Testa Spanish multifamily REIT in opportunistic funds in the quarter.
 - Committed an additional \$1.7 billion during the quarter that is not yet deployed.
- ▶ **Appreciation:** Opportunistic funds and core+ funds up 0.6% and 2.3% in the quarter, and 9.8% and 10.7% for the year, respectively.

(Dollars in Thousands)	4Q'17	4Q'18	% Change vs. 4Q'17	FY'17	FY'18	% Change vs. FY'17
Management Fees, Net	\$ 244,064	\$ 317,269	30%	\$ 939,038	\$ 1,126,470	20%
Fee Related Performance Revenues	20,730	44,185	113%	79,500	124,502	57%
Fee Related Compensation	(114,822)	(109,695)	(4)%	(437,311)	(459,430)	5%
Other Operating Expenses	(38,543)	(41,030)	6%	(136,042)	(146,260)	8%
Fee Related Earnings	\$ 111,429	\$ 210,729	89%	\$ 445,185	\$ 645,282	45%
Realized Performance Revenues	971,360	172,985	(82)%	2,141,374	914,984	(57)%
Realized Performance Compensation	(363,073)	(54,179)	(85)%	(751,526)	(284,319)	(62)%
Realized Principal Investment Income	34,276	11,439	(67)%	255,903	92,525	(64)%
Net Realizations	642,563	130,245	(80)%	1,645,751	723,190	(56)%
Segment Distributable Earnings	\$ 753,992	\$ 340,974	(55)%	\$ 2,090,936	\$ 1,368,472	(35)%
Segment Revenues	\$ 1,270,430	\$ 545,878	(57)%	\$ 3,415,815	\$ 2,258,481	(34)%
Total AUM	\$ 115,340,363	\$ 136,247,229	18%	\$ 115,340,363	\$ 136,247,229	18%
Fee-Earning AUM	\$ 83,984,824	\$ 93,252,724	11%	\$ 83,984,824	\$ 93,252,724	11%

Appreciation for core+ funds excludes BREIT.

Private Equity

- ▶ **Total AUM:** Up 24% to \$130.7 billion with inflows of \$9.8 billion in the quarter and \$26.6 billion for the year.
 - \$3.4 billion initial close for the eighth Strategic Partners secondaries fund in the quarter.
 - Completed the acquisition of Clarus, which added \$1.8 billion, and launched Blackstone Life Sciences.
- ▶ **Realizations:** \$3.3 billion in the quarter and \$10.4 billion for the year, including sales of Intelenet, Versace, and Crocs in the quarter.
- ▶ **Capital Deployed:** \$6.8 billion in the quarter and \$16.7 billion for the year, including Refinitiv and National Exhibition Centre in the quarter.
 - Committed an additional \$850 million during the quarter that is not yet deployed.
- ▶ **Appreciation:** Corporate Private Equity down 2.9% in the quarter driven by decreases in the public portfolio, but up 19.1% for the year.

(Dollars in Thousands)	4Q'17	4Q'18	% Change vs. 4Q'17	FY'17	FY'18	% Change vs. FY'17
Management and Advisory Fees, Net	\$ 202,099	\$ 212,443	5%	\$ 764,435	\$ 829,884	9%
Fee Related Compensation	(90,683)	(86,089)	(5)%	(347,562)	(375,446)	8%
Other Operating Expenses	(32,478)	(29,244)	(10)%	(120,997)	(133,096)	10%
Fee Related Earnings	\$ 78,938	\$ 97,110	23%	\$ 295,876	\$ 321,342	9%
Realized Performance Revenues	274,421	252,100	(8)%	1,157,188	757,406	(35)%
Realized Performance Compensation	(111,832)	(110,209)	(1)%	(404,544)	(318,167)	(21)%
Realized Principal Investment Income	25,298	26,385	4%	154,837	109,731	(29)%
Net Realizations	187,887	168,276	(10)%	907,481	548,970	(40)%
Segment Distributable Earnings	\$ 266,825	\$ 265,386	(1)%	\$ 1,203,357	\$ 870,312	(28)%
Segment Revenues	\$ 501,818	\$ 490,928	(2)%	\$ 2,076,460	\$ 1,697,021	(18)%
Total AUM	\$ 105,560,576	\$ 130,665,286	24%	\$ 105,560,576	\$ 130,665,286	24%
Fee-Earning AUM	\$ 70,140,883	\$ 80,008,166	14%	\$ 70,140,883	\$ 80,008,166	14%

Hedge Fund Solutions

- ▶ **Total AUM:** Up 4% to \$77.8 billion with inflows of \$2.6 billion in the quarter and record inflows of \$13.3 billion for the year.
 - Increase primarily driven by continued platform diversification and growth in customized strategies and individual investor solutions.
 - January 1 subscriptions of \$1.1 billion are not yet included in Total AUM.

- ▶ **Returns:** BPS Composite gross return was down 2.3% in the quarter, outperforming relevant indices with MSCI All Country World Total Return Index down 12.7% and HFRX Global HF Return Index down 5.6%, demonstrating the ability to provide downside protection in difficult global markets.
 - Gross returns were up 2.0% for the year, outperforming global markets with less than a fifth of the volatility, with MSCI All Country World Total Return Index down 8.9% and HFRX Global HF Return Index down 6.7%.

(Dollars in Thousands)	4Q'17	4Q'18	% Change vs. 4Q'17	FY'17	FY'18	% Change vs. FY'17
Management Fees, Net	\$ 130,384	\$ 132,611	2%	\$ 518,935	\$ 522,869	1%
Fee Related Compensation	(32,331)	(38,557)	19%	(146,924)	(162,172)	10%
Other Operating Expenses	(17,610)	(19,740)	12%	(68,265)	(77,772)	14%
Fee Related Earnings	\$ 80,443	\$ 74,314	(8)%	\$ 303,746	\$ 282,925	(7)%
Realized Performance Revenues	118,447	20,987	(82)%	154,343	42,419	(73)%
Realized Performance Compensation	(30,940)	(14,401)	(53)%	(40,707)	(21,792)	(46)%
Realized Principal Investment Income	8,165	6,609	(19)%	9,074	17,039	88%
Net Realizations	95,672	13,195	(86)%	122,710	37,666	(69)%
Segment Distributable Earnings	\$ 176,115	\$ 87,509	(50)%	\$ 426,456	\$ 320,591	(25)%
Segment Revenues	\$ 256,996	\$ 160,207	(38)%	\$ 682,352	\$ 582,327	(15)%
Total AUM	\$ 75,090,834	\$ 77,814,516	4%	\$ 75,090,834	\$ 77,814,516	4%
Fee-Earning AUM	\$ 69,914,061	\$ 72,280,606	3%	\$ 69,914,061	\$ 72,280,606	3%

BPS Composite net returns were (2.4)% and 1.2% for 4Q'18 and FY'18, respectively.

Credit

- ▶ **Total AUM:** \$127.5 billion at quarter end with inflows of \$6.1 billion in the quarter and inflows of \$29.6 billion for the year.
 - Closed \$1.8 billion for the direct lending platform in the quarter, totaling \$4.4 billion for the year.
 - Launched 3 CLOs (2 U.S. and 1 European) in the quarter for \$1.8 billion and 10 CLOs (7 U.S. and 3 European) in the year for a record \$6.4 billion.
 - Raised \$856 million for the second energy credit fund, resulting in \$2.4 billion for energy strategies in the year.
- ▶ **Realizations:** \$1.7 billion in the quarter and \$8.5 billion for the year.
- ▶ **Capital Deployed:** Investment pace was strong with \$3.2 billion in the quarter and \$7.6 billion for the year.
- ▶ **Returns:** Composite gross returns down 0.2% for Performing Credit and down 7.3% for Distressed Strategies for the quarter driven by certain public positions, energy market conditions, and turbulence more broadly in the credit market, and up 8.8% and down 3.2% for the year, respectively.

(Dollars in Thousands)	4Q'17	4Q'18	% Change vs. 4Q'17	FY'17	FY'18	% Change vs. FY'17
Management Fees, Net	\$ 155,845	\$ 135,872	(13)%	\$ 548,383	\$ 557,229	2%
Fee Related Performance Revenues	27,359	-	(100)%	89,945	(666)	n/m
Fee Related Compensation	(74,197)	(44,943)	(39)%	(253,842)	(219,098)	(14)%
Other Operating Expenses	(27,318)	(40,011)	46%	(99,562)	(131,200)	32%
Fee Related Earnings	\$ 81,689	\$ 50,918	(38)%	\$ 284,924	\$ 206,265	(28)%
Realized Performance Revenues	132,570	37,625	(72)%	194,902	96,962	(50)%
Realized Performance Compensation	(67,454)	(20,856)	(69)%	(100,834)	(53,863)	(47)%
Realized Principal Investment Income	4,486	2,665	(41)%	16,380	16,763	2%
Net Realizations	69,602	19,434	(72)%	110,448	59,862	(46)%
Segment Distributable Earnings	\$ 151,291	\$ 70,352	(53)%	\$ 395,372	\$ 266,127	(33)%
Segment Revenues	\$ 320,260	\$ 176,162	(45)%	\$ 849,610	\$ 670,288	(21)%
Total AUM	\$ 138,136,470	\$ 127,515,286	(8)%	\$ 138,136,470	\$ 127,515,286	(8)%
Fee-Earning AUM	\$ 111,304,230	\$ 96,986,011	(13)%	\$ 111,304,230	\$ 96,986,011	(13)%

Performing Credit includes mezzanine lending funds, middle market direct lending funds and other performing credit strategy funds. Distressed Strategies include credit alpha strategies, stressed / distressed funds and energy strategies. The composite gross returns represent a weighted-average composite of the fee-earning funds exceeding \$100 million of fair value at each respective quarter end for each strategy. Composite gross returns exclude the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. Performing Credit net composite returns were (0.6)% and 5.9% for 4Q'18 and FY'18. Distressed Strategies' net composite returns were (5.9)% and (3.4)% for 4Q'18 and FY'18.

Supplemental Details

Total Segments

(Dollars in Thousands)	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
Management and Advisory Fees, Net							
Base Management Fees	\$ 696,163	\$ 707,156	\$ 692,915	\$ 721,606	\$ 722,648	\$ 2,680,391	\$ 2,844,325
Transaction, Advisory and Other Fees, Net	45,407	37,066	40,912	73,944	77,576	156,816	229,498
Management Fee Offsets	(9,178)	(8,178)	(10,833)	(16,331)	(2,029)	(66,416)	(37,371)
Total Management and Advisory Fees, Net	732,392	736,044	722,994	779,219	798,195	2,770,791	3,036,452
Fee Related Performance Revenues	48,089	3,837	45,515	30,299	44,185	169,445	123,836
Fee Related Compensation	(312,033)	(296,074)	(306,243)	(334,545)	(279,284)	(1,185,639)	(1,216,146)
Other Operating Expenses	(115,949)	(107,092)	(122,466)	(128,745)	(130,025)	(424,866)	(488,328)
Fee Related Earnings	\$ 352,499	\$ 336,715	\$ 339,800	\$ 346,228	\$ 433,071	\$ 1,329,731	\$ 1,455,814
Realized Performance Revenues	1,496,798	278,371	477,544	572,159	483,697	3,647,807	1,811,771
Realized Performance Compensation	(573,299)	(114,829)	(172,894)	(190,773)	(199,645)	(1,297,611)	(678,141)
Realized Principal Investment Income	72,225	28,693	94,647	65,620	47,098	436,194	236,058
Total Net Realizations	995,724	192,235	399,297	447,006	331,150	2,786,390	1,369,688
Total Segment Distributable Earnings	\$ 1,348,223	\$ 528,950	\$ 739,097	\$ 793,234	\$ 764,221	\$ 4,116,121	\$ 2,825,502
Net Interest Income (Loss)	(29,509)	(1,853)	2,842	9,013	11,923	(49,918)	21,925
Taxes and Related Payables	(79,568)	(25,042)	(41,797)	(32,963)	(54,063)	(189,988)	(153,865)
Distributable Earnings	\$ 1,239,146	\$ 502,055	\$ 700,142	\$ 769,284	\$ 722,081	\$ 3,876,215	\$ 2,693,562
Total Segment Revenues	\$ 2,349,504	\$ 1,046,945	\$ 1,340,700	\$ 1,447,297	\$ 1,373,175	\$ 7,024,237	\$ 5,208,117
Total Assets Under Management	\$ 434,128,243	\$ 449,613,826	\$ 439,386,656	\$ 456,691,832	\$ 472,242,317	\$ 434,128,243	\$ 472,242,317
Fee-Earning Assets Under Management	\$ 335,343,998	\$ 344,650,797	\$ 332,978,145	\$ 342,261,123	\$ 342,527,507	\$ 335,343,998	\$ 342,527,507
Weighted Average Fee-Earning AUM	\$ 311,353,064	\$ 343,211,044	\$ 328,594,512	\$ 340,994,284	\$ 343,514,196	\$ 289,116,993	\$ 338,819,012
LP Capital Invested	\$ 18,663,837	\$ 9,323,329	\$ 8,026,698	\$ 9,358,423	\$ 14,218,797	\$ 46,216,413	\$ 40,927,247
Total Capital Invested	\$ 19,529,797	\$ 10,119,519	\$ 8,351,772	\$ 9,894,470	\$ 16,349,738	\$ 50,678,463	\$ 44,715,499

Assets Under Management

4Q'18 Total AUM Rollforward

(Dollars in Millions)

	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
3Q'18	\$ 119,942	\$ 126,184	\$ 80,005	\$ 130,560	\$ 456,692
Inflows	20,122	9,825	2,640	6,053	38,641
Outflows	(277)	(491)	(3,115)	(2,778)	(6,661)
Realizations	(3,642)	(3,263)	(219)	(1,658)	(8,782)
Net Inflows (Outflows)	16,203	6,071	(693)	1,617	23,198
Market Activity	102	(1,590)	(1,497)	(4,662)	(7,647)
4Q'18	\$ 136,247	\$ 130,665	\$ 77,815	\$ 127,515	\$ 472,242
<i>QoQ Increase (Decrease)</i>	<i>14%</i>	<i>4%</i>	<i>(3)%</i>	<i>(2)%</i>	<i>3%</i>

FY'18 Total AUM Rollforward

(Dollars in Millions)

	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
4Q'17	\$ 115,340	\$ 105,561	\$ 75,091	\$ 138,136	\$ 434,128
Inflows	31,478	26,640	13,278	29,579	100,976
Outflows	(2,163)	(1,618)	(10,780)	(28,058)	(42,618)
Realizations	(14,675)	(10,397)	(472)	(8,517)	(34,061)
Net Inflows (Outflows)	14,640	14,626	2,026	(6,996)	24,297
Market Activity	6,266	10,479	697	(3,625)	13,817
4Q'18	\$ 136,247	\$ 130,665	\$ 77,815	\$ 127,515	\$ 472,242
<i>YoY Increase (Decrease)</i>	<i>18%</i>	<i>24%</i>	<i>4%</i>	<i>(8)%</i>	<i>9%</i>

4Q'18 Fee-Earning AUM Rollforward

(Dollars in Millions)

	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
3Q'18	\$ 90,773	\$ 78,195	\$ 74,559	\$ 98,735	\$ 342,261
Inflows	4,853	3,421	2,877	5,869	17,020
Outflows	(200)	(323)	(3,538)	(2,500)	(6,560)
Realizations	(2,492)	(1,408)	(207)	(1,022)	(5,129)
Net Inflows (Outflows)	2,162	1,690	(867)	2,347	5,331
Market Activity	318	123	(1,411)	(4,095)	(5,065)
4Q'18	\$ 93,253	\$ 80,008	\$ 72,281	\$ 96,986	\$ 342,528
<i>QoQ Increase (Decrease)</i>	<i>3%</i>	<i>2%</i>	<i>(3)%</i>	<i>(2)%</i>	<i>0%</i>

FY'18 Fee-Earning AUM Rollforward

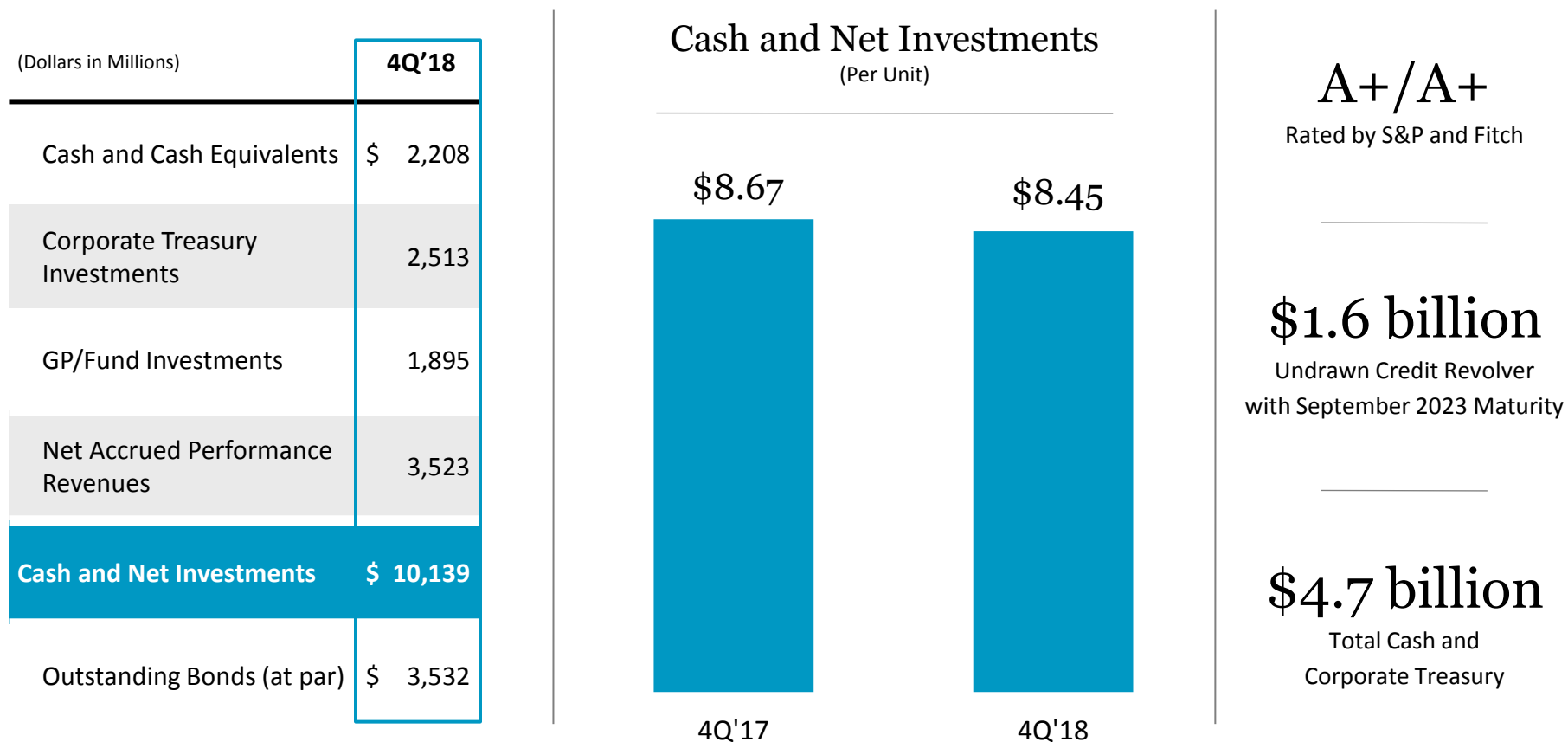
(Dollars in Millions)

	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
4Q'17	\$ 83,985	\$ 70,141	\$ 69,914	\$ 111,304	\$ 335,344
Inflows	17,961	16,097	12,354	24,588	71,000
Outflows	(2,000)	(1,888)	(10,278)	(27,641)	(41,808)
Realizations	(8,781)	(4,730)	(430)	(6,673)	(20,613)
Net Inflows (Outflows)	7,180	9,478	1,646	(9,725)	8,579
Market Activity	2,088	389	720	(4,593)	(1,395)
4Q'18	\$ 93,253	\$ 80,008	\$ 72,281	\$ 96,986	\$ 342,528
<i>YoY Increase (Decrease)</i>	<i>11%</i>	<i>14%</i>	<i>3%</i>	<i>(13)%</i>	<i>2%</i>

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.

Deconsolidated Balance Sheet Highlights

- ▶ At December 31, 2018, Blackstone had \$4.7 billion in total cash, cash equivalents, and corporate treasury investments and \$10.1 billion of cash and net investments, or \$8.45 per unit.
- ▶ Blackstone has no net debt, a \$1.6 billion undrawn credit revolver and maintains A+/A+ ratings.



Balance Sheet Highlights are preliminary, and exclude the consolidated Blackstone Funds. GP/Fund Investments include Blackstone investments in Real Estate, Private Equity, Hedge Fund Solutions, and Credit, which were \$802 million, \$695 million, \$102 million, and \$295 million, respectively, as of December 31, 2018. Cash and Net Investments per unit amounts are calculated using period end DE Units Outstanding (see page 23, Unit Summary).

Net Accrued Performance Revenues

	Net Accrued Performance Revenues					
	4Q'17	3Q'18	4Q'18	4Q'18 Per Unit	QoQ Change	YoY Change
(Dollars in Millions, Except per Unit Data)						
Real Estate						
BREP IV	\$ 9	\$ 12	\$ 3	\$ -	\$ (9)	\$ (6)
BREP V	203	91	55	0.05	(36)	(148)
BREP VI	190	106	89	0.07	(17)	(101)
BREP VII	587	592	484	0.40	(108)	(103)
BREP VIII	255	386	429	0.36	43	174
BREP Europe III	67	1	-	-	(1)	(67)
BREP Europe IV	207	201	200	0.17	(1)	(7)
BREP Europe V	25	86	110	0.09	24	85
BREP Asia I	102	103	114	0.10	11	12
BPP	134	207	215	0.18	8	81
BREIT	10	18	23	0.02	5	13
BREDS	35	21	17	0.01	(4)	(18)
BTAS	16	29	36	0.03	7	20
Total Real Estate	\$ 1,840	\$ 1,853	\$ 1,775	\$ 1.48	\$ (78)	\$ (65)
Private Equity						
BCP IV	87	111	72	0.06	(39)	(15)
BCP V	73	44	-	-	(44)	(73)
BCP VI	668	1,008	746	0.62	(262)	78
BCP VII	16	166	225	0.19	59	209
BEP I	95	155	103	0.09	(52)	8
BEP II	5	66	73	0.06	7	68
Tactical Opportunities	104	161	155	0.13	(6)	51
Strategic Partners	66	95	94	0.08	(1)	28
BCEP	-	11	19	0.02	8	19
BTAS	13	32	41	0.03	9	28
Other	3	-	1	-	1	(2)
Total Private Equity	\$ 1,130	\$ 1,849	\$ 1,529	\$ 1.28	\$ (320)	\$ 399
Total Hedge Fund Solutions	\$ 89	\$ 32	\$ 24	\$ 0.02	\$ (8)	\$ (65)
Total Credit	\$ 289	\$ 301	\$ 195	\$ 0.16	\$ (106)	\$ (94)
Net Accrued Performance Revenues	\$ 3,348	\$ 4,035	\$ 3,523	\$ 2.94	\$ (512)	\$ 175
<i>Memo: Net Realized Performance Revenues</i>	<i>\$ 222</i>	<i>\$ 109</i>	<i>\$ 68</i>	<i>\$ 0.06</i>	<i>\$ (41)</i>	<i>\$ (154)</i>

4Q'18 QoQ Rollforward

(Dollars in Millions)

	3Q'18	Net Performance Revenues	Net Realized Distributions	4Q'18
Real Estate	\$ 1,853	\$ 35	\$ (113)	\$ 1,775
Private Equity	1,849	(137)	(183)	1,529
HFS	32	(7)	(1)	24
Credit	301	(89)	(17)	195
Total	\$ 4,035	\$ (198)	\$ (314)	\$ 3,523
<i>QoQ Decrease</i>				<i>(13)%</i>

FY'18 Rollforward

(Dollars in Millions)

	4Q'17	Net Performance Revenues	Net Realized Distributions	4Q'18
Real Estate	\$ 1,840	\$ 613	\$ (678)	\$ 1,775
Private Equity	1,130	808	(409)	1,529
HFS	89	17	(82)	24
Credit	289	(6)	(88)	195
Total	\$ 3,348	\$ 1,432	\$ (1,257)	\$ 3,523
<i>YoY Increase</i>				<i>5%</i>

Net Accrued Performance Revenues are presented net of performance compensation and do not include clawback amounts, if any, which are disclosed in the 10-K/Q. Net Realized Performance Revenues are included in DE. Net Realized Performance Revenues above represent Performance Revenues realized, but not yet distributed as of the reporting date and included in the Net Accrued Performance Revenues balance. When these fees are received, the receivable is reduced without further impacting DE. Per Unit calculations are based on end of period DE Units Outstanding (see page 23, Unit Summary).

Investment Records as of December 31, 2018^(a)

(Dollars in Thousands, Except Where Noted)

Fund (Investment Period Beginning Date / Ending Date)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
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	-	212,309	0.3x	21%	4,290,218	2.2x	4,502,527	1.6x	33%	12%	
BREP V (Dec 2005 / Feb 2007)	5,539,418	-	542,613	1.4x	31%	12,697,555	2.4x	13,240,168	2.3x	12%	11%	
BREP VI (Feb 2007 / Aug 2011)	11,060,444	-	1,215,191	1.6x	2%	26,334,443	2.6x	27,549,634	2.5x	14%	13%	
BREP VII (Aug 2011 / Apr 2015)	13,495,496	2,001,683	10,154,856	1.6x	18%	18,332,067	2.1x	28,486,923	1.9x	27%	16%	
BREP VIII (Apr 2015 / Oct 2020)	16,457,804	5,762,268	14,427,542	1.4x	1%	4,740,239	1.5x	19,167,781	1.4x	27%	16%	
BREP IX (TBD)	15,445,659	15,445,659	-	n/a	-	-	n/a	-	n/a	n/a	n/a	
Total Global BREP	\$ 67,439,984	\$ 23,209,610	\$ 26,552,511	1.4x	-	\$ 73,929,440	2.3x	\$ 100,481,951	2.0x	19%	16%	
BREP Int'l (Jan 2001 / Sep 2005)	€ 824,172	€ -	€ -	n/a	-	€ 1,366,553	2.1x	€ 1,366,553	2.1x	23%	23%	
BREP Int'l II (Sep 2005 / Jun 2008) (e)	1,629,748	-	106,396	1.1x	-	2,347,656	1.8x	2,454,052	1.8x	8%	8%	
BREP Europe III (Jun 2008 / Sep 2013)	3,205,167	464,566	660,005	0.9x	-	5,494,293	2.5x	6,154,298	2.1x	21%	15%	
BREP Europe IV (Sep 2013 / Dec 2016)	6,709,145	1,340,701	4,358,327	1.6x	12%	7,147,829	2.0x	11,506,156	1.8x	25%	17%	
BREP Europe V (Dec 2016 / Jun 2022)	7,877,201	3,224,734	5,662,031	1.3x	-	77,038	2.4x	5,739,069	1.3x	n/m	18%	
Total Euro BREP	€ 20,245,433	€ 5,030,001	€ 10,786,759	1.3x	5%	€ 16,433,369	2.1x	€ 27,220,128	1.7x	16%	14%	
BREP Asia I (Jun 2013 / Dec 2017)	\$ 5,096,359	\$ 1,729,439	\$ 4,128,651	1.4x	-	\$ 2,989,011	1.8x	\$ 7,117,662	1.5x	21%	15%	
BREP Asia II (Dec 2017 / Jun 2023)	7,126,830	6,415,884	880,798	1.0x	-	-	n/a	880,798	1.0x	n/m	n/m	
BREP Co-Investment (f)	7,055,644	172,062	2,124,456	1.6x	41%	11,834,696	2.1x	13,959,152	2.0x	16%	15%	
Total BREP	\$ 111,511,210	\$ 37,294,898	\$ 46,355,732	1.4x	8%	\$ 109,719,753	2.2x	\$ 156,075,485	1.9x	18%	15%	
BPP (g)	\$ 26,569,578	\$ 2,964,457	\$ 28,054,480	1.2x	-	\$ 3,602,356	2.6x	\$ 31,656,836	1.2x	n/m	11%	
BREDS	\$ 13,228,639	\$ 3,582,239	\$ 3,739,330	1.1x	-	\$ 10,333,439	1.3x	\$ 14,072,769	1.2x	11%	10%	
Private Equity												
BCP I (Oct 1987 / Oct 1993)	\$ 859,081	\$ -	\$ -	n/a	-	\$ 1,741,738	2.6x	\$ 1,741,738	2.6x	19%	19%	
BCP II (Oct 1993 / Aug 1997)	1,361,100	-	-	n/a	-	3,256,819	2.5x	3,256,819	2.5x	32%	32%	
BCP III (Aug 1997 / Nov 2002)	3,967,422	-	-	n/a	-	9,184,688	2.3x	9,184,688	2.3x	14%	14%	
BCOM (Jun 2000 / Jun 2006)	2,137,330	24,575	17,244	1.4x	-	2,953,649	1.4x	2,970,893	1.4x	7%	6%	
BCP IV (Nov 2002 / Dec 2005)	6,773,182	205,984	610,391	0.7x	33%	20,861,706	3.1x	21,472,097	2.8x	41%	36%	
BCP V (Dec 2005 / Jan 2011)	21,022,215	1,048,362	1,748,350	0.9x	33%	36,298,422	2.0x	38,046,772	1.9x	9%	8%	
BCP VI (Jan 2011 / May 2016)	15,191,118	1,756,975	14,645,713	1.7x	31%	11,915,798	2.1x	26,561,511	1.9x	21%	13%	
BEP I (Aug 2011 / Feb 2015)	2,435,285	224,784	2,364,512	1.5x	41%	1,954,527	2.3x	4,319,039	1.8x	26%	13%	
BEP II (Feb 2015 / Feb 2021)	4,929,718	1,203,693	4,215,603	1.4x	-	210,362	2.0x	4,425,965	1.4x	40%	15%	
BCP VII (May 2016 / May 2022)	18,590,630	8,252,225	10,446,740	1.4x	-	434,736	1.3x	10,881,476	1.4x	21%	21%	
BCP Asia (Dec 2017 / Dec 2023)	2,369,469	2,040,455	165,694	1.5x	-	-	n/a	165,694	1.5x	n/a	n/m	
BEP III (TBD)	3,515,891	3,515,891	-	n/a	-	-	n/a	-	n/a	n/a	n/a	
Total Corporate Private Equity	\$ 83,152,441	\$ 18,272,944	\$ 34,214,247	1.4x	18%	\$ 88,812,445	2.2x	\$ 123,026,692	1.9x	17%	15%	
Tactical Opportunities	22,053,992	10,234,751	9,559,311	1.3x	9%	6,342,454	1.7x	15,901,765	1.4x	21%	11%	
Tactical Opportunities Co-Investment and Other	5,426,066	1,603,582	3,853,442	1.2x	1%	1,310,719	1.6x	5,164,161	1.3x	28%	14%	
Total Tactical Opportunities	\$ 27,480,058	\$ 11,838,333	\$ 13,412,753	1.2x	7%	\$ 7,653,173	1.7x	\$ 21,065,926	1.4x	22%	11%	

Continued...

Investment Records as of December 31, 2018^(a) – Continued

Fund (Investment Period Beginning Date / Ending Date)	Committed		Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
	Capital	Available Capital (b)	Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
Private Equity (continued)											
Strategic Partners I-V and Co-Investment (h)	11,913,121	1,800,737	1,742,846	n/m	-	15,970,061	n/m	17,712,907	1.5x	n/a	13%
Strategic Partners VI LBO, RE and SMA (h)	7,402,171	1,943,044	3,016,474	n/m	-	3,407,157	n/m	6,423,631	1.5x	n/a	19%
Strategic Partners VII (h)	8,221,982	3,227,165	5,948,522	n/m	-	730,088	n/m	6,678,610	1.3x	n/a	37%
Strategic Partners RA II (h)	1,898,154	1,036,103	451,971	n/m	-	36,438	n/m	488,409	1.2x	n/a	17%
Strategic Partners VIII	3,422,804	3,422,804	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Total Strategic Partners	\$ 32,858,232	\$ 11,429,853	\$ 11,159,813	n/m	-	\$ 20,143,744	n/m	\$ 31,303,557	1.5x	n/a	14%
BCEP (Jan 2017 / Jan 2021) (i)	4,755,613	2,601,681	2,505,183	1.2x	-	-	n/a	2,505,183	1.2x	n/a	10%
BIP (TBD)	5,686,000	5,686,000	-	n/a	-	-	n/a	-	n/a	n/a	n/a
Other Funds and Co-Investment (j)	1,557,393	325,028	96,990	1.0x	17%	635,564	0.9x	732,554	1.0x	n/m	n/m
Hedge Fund Solutions											
BSCH (Dec 2013 / Jun 2020) (k)	\$ 3,298,575	\$ 2,083,559	\$ 1,308,188	1.1x	-	\$ 312,539	n/a	\$ 1,620,727	1.3x	n/a	8%
BSCH Co-Investment	276,000	98,070	195,414	1.1x	-	28,573	n/a	223,987	1.3x	n/a	9%
Total Hedge Fund Solutions	\$ 3,574,575	\$ 2,181,629	\$ 1,503,602	1.1x	-	\$ 341,112	n/a	\$ 1,844,714	1.3x	n/a	9%
Credit (l)											
Mezzanine I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 97,114	\$ 25,716	1.3x	-	\$ 4,772,118	1.6x	\$ 4,797,834	1.6x	n/a	17%
Mezzanine II (Nov 2011 / Nov 2016)	4,120,000	1,146,274	2,034,118	1.0x	-	4,526,585	1.6x	6,560,703	1.3x	n/a	12%
Mezzanine III (Sep 2016 / Sep 2021)	6,639,133	2,589,498	3,573,397	1.1x	-	1,003,295	1.6x	4,576,692	1.1x	n/a	11%
Stressed / Distressed Investing I (Sep 2009 / May 2013)	3,253,143	135,000	228,105	0.4x	-	5,732,348	1.6x	5,960,453	1.4x	n/a	11%
Stressed / Distressed Investing II (Jun 2013 / Jun 2018)	5,125,000	570,214	2,119,618	0.9x	-	3,597,716	1.4x	5,717,334	1.2x	n/a	8%
Stressed / Distressed Investing III (Dec 2017 / Dec 2022)	7,356,380	6,007,292	1,356,095	1.0x	-	302,613	1.3x	1,658,708	1.1x	n/a	n/a
Energy Select Opportunities (Nov 2015 / Nov 2018)	2,856,867	943,281	1,968,152	1.1x	-	544,630	1.7x	2,512,782	1.2x	n/a	13%
Euro											
European Senior Debt Fund (Feb 2015 / Feb 2019)	€ 1,964,689	€ 1,503,470	€ 2,045,708	1.0x	-	€ 842,857	1.6x	€ 2,888,565	1.1x	n/a	9%
Total Credit	\$ 33,616,933	\$ 13,207,440	\$ 13,643,752	1.0x	-	\$ 21,445,271	1.5x	\$ 35,089,023	1.3x	n/a	12%

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 Performance Revenues, divided by invested capital.

(d) Net Internal Rate of Return ("IRR") represents the annualized inception to December 31, 2018 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues.

(e) The 8% Realized Net IRR and 8% Total Net IRR exclude investors that opted out of the Hilton investment opportunity. Overall BREP International II performance reflects a 7% Realized Net IRR and a 6% Total Net IRR.

(f) 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 Performance Revenues.

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

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

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

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

(k) BSCH, or Blackstone Strategic Capital Holdings, is 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.

Unitholder Distribution

- ▶ Generated \$0.57 of Distributable Earnings per common unit during the quarter, bringing the full year amount to \$2.17 per common unit.
- ▶ Blackstone declared a quarterly distribution of \$0.58 per common unit, which includes a \$0.10 special cash distribution, to record holders as of February 11, 2019; payable on February 19, 2019.

(Dollars in Thousands, Except per Unit Data)	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	% Change		% Change	
						vs. 4Q'17	FY'17	FY'18	vs. FY'17
Distributable Earnings	\$ 1,239,146	\$ 502,055	\$ 700,142	\$ 769,284	\$ 722,081	(42)%	\$ 3,876,215	\$ 2,693,562	(31)%
Add: Other Payables Attributable to Common Unitholders	52,216	7,028	29,379	22,980	43,345	(17)%	98,104	102,732	5%
DE before Certain Payables	1,291,362	509,083	729,521	792,264	765,426	(41)%	3,974,319	2,796,294	(30)%
Percent to Common Unitholders	56%	56%	57%	56%	56%		56%	56%	
DE before Certain Payables Attributable to Common Unitholders	720,124	285,633	414,071	447,516	429,433	(40)%	2,208,092	1,576,653	(29)%
Less: Other Payables Attributable to Common Unitholders	(52,216)	(7,028)	(29,379)	(22,980)	(43,345)	(17)%	(98,104)	(102,732)	5%
DE Attributable to Common Unitholders	667,908	278,605	384,692	424,536	386,088	(42)%	2,109,988	1,473,921	(30)%
DE per Common Unit	\$ 1.00	\$ 0.41	\$ 0.56	\$ 0.63	\$ 0.57	(43)%	\$ 3.17	\$ 2.17	(32)%
Less: Retained Capital per Common Unit	\$ (0.15)	\$ (0.06)	\$ (0.08)	\$ (0.09)	\$ (0.09)	(40)%	\$ (0.47)	\$ (0.32)	(32)%
Special Cash Distribution per Common Unit	\$ -	\$ -	\$ 0.10	\$ 0.10	\$ 0.10	n/m	\$ -	\$ 0.30	n/m
Actual Distribution per Common Unit	\$ 0.85	\$ 0.35	\$ 0.58	\$ 0.64	\$ 0.58	(32)%	\$ 2.70	\$ 2.15	(20)%
Record Date					Feb 11, 2019				
Payable Date					Feb 19, 2019				

A detailed description of Blackstone's distribution policy and the definition of Distributable Earnings can be found on pages 30-31, 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 Participating Common Units (page 23, Unit Summary); 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 \$61 million for 4Q'18 and \$217 million for FY'18.

Unit Summary

- ▶ Blackstone repurchased 7.8 million common units in the quarter, resulting in Distributable Earnings Units Outstanding of 1,199 million units.
 - Over the full year, Blackstone repurchased 16.0 million common units and DE units outstanding remained at the same level as the fourth quarter of 2017.
 - Available authorization remaining was \$458 million at December 31, 2018.

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18
Participating Common Units	668,733,356	676,168,743	682,801,258	678,771,864	672,755,818
Participating Partnership Units	530,472,212	528,967,264	520,175,306	522,898,542	526,370,654
Distributable Earnings Units Outstanding	1,199,205,568	1,205,136,007	1,202,976,564	1,201,670,406	1,199,126,472

Reconciliations and Disclosures

Reconciliation of GAAP to Non-GAAP Measures

(Dollars in Thousands)	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
Net Income (Loss) Attributable to The Blackstone Group L.P.	\$ 304,138	\$ 367,872	\$ 742,042	\$ 442,742	\$ (10,868)	\$ 1,471,374	\$ 1,541,788
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	359,438	320,208	678,952	360,576	5,253	1,392,323	1,364,989
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	132,364	155,499	129,078	143,101	(68,800)	497,439	358,878
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	7,600	(1,275)	905	2,569	(4,303)	13,806	(2,104)
Net Income (Loss)	\$ 803,540	\$ 842,304	\$ 1,550,977	\$ 948,988	\$ (78,718)	\$ 3,374,942	\$ 3,263,551
Provision for Taxes	596,590	54,495	138,731	26,798	29,366	743,147	249,390
Income (Loss) Before Provision for Taxes	\$ 1,400,130	\$ 896,799	\$ 1,689,708	\$ 975,786	\$ (49,352)	\$ 4,118,089	\$ 3,512,941
Transaction-Related Charges (a)	(347,055)	52,489	(470,078)	79,242	76,431	(176,531)	(261,916)
Amortization of Intangibles (b)	14,265	14,873	14,873	14,856	15,392	48,297	59,994
Impact of Consolidation (c)	(139,964)	(154,224)	(129,983)	(145,670)	73,103	(511,245)	(356,774)
Unrealized Performance Revenues (d)	484,486	(628,339)	(440,424)	(298,931)	806,531	105,432	(561,163)
Unrealized Performance Allocations Compensation (e)	(166,183)	254,435	189,991	178,184	(302,868)	103,794	319,742
Unrealized Principal Investment (Income) Loss (f)	16,488	(13,978)	(52,126)	(28,704)	160,659	131,206	65,851
Other Revenues (g)	35,151	60,894	(94,416)	(9,092)	(46,854)	140,051	(89,468)
Equity-Based Compensation (h)	21,396	44,148	34,394	36,576	43,102	107,110	158,220
Taxes and Related Payables (i)	(79,568)	(25,042)	(41,797)	(32,963)	(54,063)	(189,988)	(153,865)
Distributable Earnings	\$ 1,239,146	\$ 502,055	\$ 700,142	\$ 769,284	\$ 722,081	\$ 3,876,215	\$ 2,693,562
Taxes and Related Payables (i)	79,568	25,042	41,797	32,963	54,063	189,988	153,865
Net Interest (Income) Loss (j)	29,509	1,853	(2,842)	(9,013)	(11,923)	49,918	(21,925)
Total Segment Distributable Earnings	\$ 1,348,223	\$ 528,950	\$ 739,097	\$ 793,234	\$ 764,221	\$ 4,116,121	\$ 2,825,502
Realized Performance Revenues (k)	(1,496,798)	(278,371)	(477,544)	(572,159)	(483,697)	(3,647,807)	(1,811,771)
Realized Performance Compensation (l)	573,299	114,829	172,894	190,773	199,645	1,297,611	678,141
Realized Principal Investment Income (m)	(72,225)	(28,693)	(94,647)	(65,620)	(47,098)	(436,194)	(236,058)
Fee Related Earnings	\$ 352,499	\$ 336,715	\$ 339,800	\$ 346,228	\$ 433,071	\$ 1,329,731	\$ 1,455,814
Adjusted EBITDA Reconciliation							
Distributable Earnings	\$ 1,239,146	\$ 502,055	\$ 700,142	\$ 769,284	\$ 722,081	\$ 3,876,215	\$ 2,693,562
Interest Expense (n)	72,345	38,238	38,885	40,923	41,792	192,838	159,838
Taxes and Related Payables (i)	79,568	25,042	41,797	32,963	54,063	189,988	153,865
Depreciation and Amortization	6,593	6,251	5,986	5,681	5,964	25,228	23,882
Adjusted EBITDA	\$ 1,397,652	\$ 571,586	\$ 786,810	\$ 848,851	\$ 823,900	\$ 4,284,269	\$ 3,031,147

Reconciliation of GAAP to Non-GAAP Measures – Notes

Note: See pages 30-31, Definitions and Distribution Policy.

- (a) This adjustment removes Transaction-Related Charges, which are excluded from Blackstone's segment presentation. Transaction-Related Charges arise from corporate actions including acquisitions, divestitures, and Blackstone's initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the tax receivable agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.
- (b) This adjustment removes the amortization of transaction-related intangibles, which are excluded from Blackstone's segment presentation. This amount includes amortization of intangibles associated with Blackstone's investment in Pátria, which is accounted for under the equity method.
- (c) This adjustment reverses the effect of consolidating Blackstone Funds, which are excluded from Blackstone's segment presentation. This adjustment includes the elimination of Blackstone's interest in these funds, the increase to revenue representing the reimbursement of certain expenses by Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the segment presentation, and the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.
- (d) This adjustment removes Unrealized Performance Revenues on a segment basis. The Segment Adjustment represents the add back of performance revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
GAAP Unrealized Performance Allocations	\$ (483,033)	\$ 628,089	\$ 440,351	\$ 299,238	\$ (806,305)	\$ (105,473)	\$ 561,373
Segment Adjustment	(1,453)	250	73	(307)	(226)	41	(210)
Unrealized Performance Revenues	\$ (484,486)	\$ 628,339	\$ 440,424	\$ 298,931	\$ (806,531)	\$ (105,432)	\$ 561,163

- (e) This adjustment removes Unrealized Performance Allocations Compensation.
- (f) This adjustment removes Unrealized Principal Investment Income (Loss) on a segment basis. The Segment Adjustment represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
GAAP Unrealized Principal Investment Income (Loss)	\$ (20,567)	\$ 111,774	\$ 103,468	\$ 52,840	\$ (218,165)	\$ 42,605	\$ 49,917
Segment Adjustment	4,079	(97,796)	(51,342)	(24,136)	57,506	(173,811)	(115,768)
Unrealized Principal Investment Income (Loss)	\$ (16,488)	\$ 13,978	\$ 52,126	\$ 28,704	\$ (160,659)	\$ (131,206)	\$ (65,851)

- (g) This adjustment removes Other Revenues on a segment basis. The Segment Adjustment represents (1) the add back of Other Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of certain Transaction-Related Charges. For the year ended December 31, 2018, Transaction-Related Charges included \$580.9 million of Other Revenues received upon the conclusion of Blackstone's investment sub-advisory relationship with FS Investments' funds.

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
GAAP Other Revenue	\$ (33,781)	\$ (59,317)	\$ 675,343	\$ 9,368	\$ 46,923	\$ (133,229)	\$ 672,317
Segment Adjustment	(1,370)	(1,577)	(580,927)	(276)	(69)	(6,822)	(582,849)
Other Revenues	\$ (35,151)	\$ (60,894)	\$ 94,416	\$ 9,092	\$ 46,854	\$ (140,051)	\$ 89,468

- (h) This adjustment removes Equity-Based Compensation on a segment basis.

Continued...

Reconciliation of GAAP to Non-GAAP Measures – Notes Continued

- (i) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes and adjusted to exclude the tax impact of any divestitures. Related Payables represent tax-related payables including the amount payable under the Tax Receivable Agreement.

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
Taxes	\$ 36,006	\$ 18,228	\$ 20,026	\$ 12,793	\$ 38,975	\$ 101,531	\$ 90,022
Related Payables	43,562	6,814	21,771	20,170	15,088	88,457	63,843
Taxes and Related Payables	\$ 79,568	\$ 25,042	\$ 41,797	\$ 32,963	\$ 54,063	\$ 189,988	\$ 153,865

- (j) This adjustment removes Interest and Dividend Revenue less Interest Expense on a segment basis. The Segment Adjustment represents (1) the add back of Other Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of interest expense associated with the Tax Receivable Agreement.

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
GAAP Interest and Dividend Revenue	\$ 40,524	\$ 35,385	\$ 40,073	\$ 48,604	\$ 47,885	\$ 139,696	\$ 171,947
Segment Adjustment	2,312	1,000	1,654	1,332	5,830	3,224	9,816
Interest and Dividend Revenue	\$ 42,836	\$ 36,385	\$ 41,727	\$ 49,936	\$ 53,715	\$ 142,920	\$ 181,763
GAAP Interest Expense	\$ 74,606	\$ 38,671	\$ 39,320	\$ 41,355	\$ 44,644	\$ 197,486	\$ 163,990
Segment Adjustment	(2,261)	(433)	(435)	(432)	(2,852)	(4,648)	(4,152)
Interest Expense	\$ 72,345	\$ 38,238	\$ 38,885	\$ 40,923	\$ 41,792	\$ 192,838	\$ 159,838
Net Interest Income (Loss)	\$ (29,509)	\$ (1,853)	\$ 2,842	\$ 9,013	\$ 11,923	\$ (49,918)	\$ 21,925

- (k) This adjustment removes the total segment amounts of Realized Performance Revenues.
(l) This adjustment removes the total segment amounts of Realized Performance Compensation.
(m) This adjustment removes the total segment amount of Realized Principal Investment Income.
(n) This adjustment adds back Interest Expense on a segment basis.

Reconciliation of GAAP Common Units Outstanding to Distributable Earnings Units Outstanding

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18
GAAP Common Units Outstanding	659,526,093	666,812,752	673,544,082	669,411,215	663,212,830
Unvested Participating Common Units	9,207,263	9,355,991	9,257,176	9,360,649	9,542,988
Participating Common Units	668,733,356	676,168,743	682,801,258	678,771,864	672,755,818
Participating Partnership Units	530,472,212	528,967,264	520,175,306	522,898,542	526,370,654
Distributable Earnings Units Outstanding	1,199,205,568	1,205,136,007	1,202,976,564	1,201,670,406	1,199,126,472

Disclosure of Weighted-Average Units Outstanding

	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18
Total GAAP Weighted-Average Common Units Outstanding - Basic	668,781,321	674,479,140	681,794,492	682,435,177	676,629,572
Weighted-Average Unvested Deferred Restricted Common Units	702,960	198,934	216,118	230,759	-
Weighted-Average Blackstone Holdings Partnership Units	-	535,895,780	-	523,212,047	-
Total GAAP Weighted-Average Units Outstanding - Diluted	669,484,281	1,210,573,854	682,010,610	1,205,877,983	676,629,572

Reconciliation of GAAP to Total Segment Measures

(Dollars in Thousands)	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
Management and Advisory Fees, Net							
GAAP	\$ 729,059	\$ 728,849	\$ 721,384	\$ 780,009	\$ 797,554	\$ 2,751,322	\$ 3,027,796
Segment Adjustment (a)	3,333	7,195	1,610	(790)	641	19,469	8,656
Total Segment	\$ 732,392	\$ 736,044	\$ 722,994	\$ 779,219	\$ 798,195	\$ 2,770,791	\$ 3,036,452
GAAP Realized Performance Revenues to Total Segment Fee Related Performance Revenues							
GAAP							
Realized Incentive Fees	120,187	12,566	19,378	9,799	15,797	242,514	57,540
Investment Income - Realized Performance Allocations	1,422,262	269,640	503,376	592,103	511,388	3,571,811	1,876,507
GAAP	\$ 1,542,449	\$ 282,206	\$ 522,754	\$ 601,902	\$ 527,185	\$ 3,814,325	\$ 1,934,047
Total Segment							
Less: Realized Performance Revenues	(1,496,798)	(278,371)	(477,544)	(572,159)	(483,697)	(3,647,807)	(1,811,771)
Segment Adjustment (b)	2,438	2	305	556	697	2,927	1,560
Total Segment	\$ 48,089	\$ 3,837	\$ 45,515	\$ 30,299	\$ 44,185	\$ 169,445	\$ 123,836
GAAP Compensation to Total Segment Fee Related Compensation							
GAAP							
Compensation	364,484	389,403	427,479	419,285	373,790	1,442,485	1,609,957
Realized Incentive Fees Compensation	43,450	6,662	9,743	7,251	10,260	105,279	33,916
Realized Performance Allocations Compensation	557,244	112,062	186,398	200,442	212,174	1,281,965	711,076
GAAP	\$ 965,178	\$ 508,127	\$ 623,620	\$ 626,978	\$ 596,224	\$ 2,829,729	\$ 2,354,949
Total Segment							
Less: Realized Performance Compensation	(573,299)	(114,829)	(172,894)	(190,773)	(199,645)	(1,297,611)	(678,141)
Less: Equity-Based Compensation	(21,396)	(44,148)	(34,394)	(36,576)	(43,102)	(107,110)	(158,220)
Segment Adjustment (c)	(58,450)	(53,076)	(110,089)	(65,084)	(74,193)	(239,369)	(302,442)
Total Segment	\$ 312,033	\$ 296,074	\$ 306,243	\$ 334,545	\$ 279,284	\$ 1,185,639	\$ 1,216,146
GAAP General, Administrative and Other to Total Segment Other Operating Expenses							
GAAP	\$ 138,608	\$ 126,713	\$ 145,828	\$ 168,813	\$ 153,519	\$ 488,582	\$ 594,873
Segment Adjustment (d)	(22,659)	(19,621)	(23,362)	(40,068)	(23,494)	(63,716)	(106,545)
Total Segment	\$ 115,949	\$ 107,092	\$ 122,466	\$ 128,745	\$ 130,025	\$ 424,866	\$ 488,328
Realized Performance Revenues							
GAAP							
Realized Incentive Fees	120,187	12,566	19,378	9,799	15,797	242,514	57,540
Investment Income - Realized Performance Allocations	1,422,262	269,640	503,376	592,103	511,388	3,571,811	1,876,507
GAAP	\$ 1,542,449	\$ 282,206	\$ 522,754	\$ 601,902	\$ 527,185	\$ 3,814,325	\$ 1,934,047
Total Segment							
Less: Fee Related Performance Revenues	(48,089)	(3,837)	(45,515)	(30,299)	(44,185)	(169,445)	(123,836)
Segment Adjustment (b)	2,438	2	305	556	697	2,927	1,560
Total Segment	\$ 1,496,798	\$ 278,371	\$ 477,544	\$ 572,159	\$ 483,697	\$ 3,647,807	\$ 1,811,771

Continued...

Reconciliation of GAAP to Total Segment Measures – Continued

(Dollars in Thousands)	4Q'17	1Q'18	2Q'18	3Q'18	4Q'18	FY'17	FY'18
Realized Performance Compensation							
GAAP							
Realized Incentive Fee Compensation	\$ 43,450	\$ 6,662	\$ 9,743	\$ 7,251	\$ 10,260	\$ 105,279	\$ 33,916
Realized Performance Allocations Compensation	557,244	112,062	186,398	200,442	212,174	1,281,965	711,076
GAAP	\$ 600,694	\$ 118,724	\$ 196,141	\$ 207,693	\$ 222,434	\$ 1,387,244	\$ 744,992
Total Segment							
Less: Fee Related Performance Compensation	(23,176)	5	(20,336)	(13,858)	(19,655)	(75,933)	(53,844)
Less: Equity-Based Compensation - Performance Compensation	(4,219)	(3,900)	(2,911)	(3,062)	(3,134)	(13,700)	(13,007)
Total Segment	\$ 573,299	\$ 114,829	\$ 172,894	\$ 190,773	\$ 199,645	\$ 1,297,611	\$ 678,141
Realized Principal Investment Income							
GAAP							
Segment Adjustment (e)	(112,337)	(13,452)	(34,550)	(68,999)	(62,803)	(199,575)	(179,804)
Total Segment	\$ 72,225	\$ 28,693	\$ 94,647	\$ 65,620	\$ 47,098	\$ 436,194	\$ 236,058
GAAP Interest and Dividend Revenue net of Interest Expense to Total Segment Net Interest Income							
GAAP							
Interest and Dividend Revenue	40,524	35,385	40,073	48,604	47,885	139,696	171,947
Interest Expense	(74,606)	(38,671)	(39,320)	(41,355)	(44,644)	(197,486)	(163,990)
GAAP	\$ (34,082)	\$ (3,286)	\$ 753	\$ 7,249	\$ 3,241	\$ (57,790)	\$ 7,957
Segment Adjustment (f)	4,573	1,433	2,089	1,764	8,682	7,872	13,968
Total Segment	\$ (29,509)	\$ (1,853)	\$ 2,842	\$ 9,013	\$ 11,923	\$ (49,918)	\$ 21,925

This analysis reconciles the components of Total Segment Distributable Earnings (page 3) to their equivalent GAAP measures, reported on the Consolidated Statement of Operations (page 1). Segment basis presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages and excludes the amortization of intangibles, the expense of equity-based awards and Transaction-Related Charges.

- Represents (1) the add back of net management fees earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.
- Represents the add back of Performance Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.
- Represents the removal of Transaction-Related Charges that are not recorded in the Total Segment measures.
- Represents the removal of (1) the amortization of transaction-related intangibles, and (2) certain expenses reimbursed by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.
- Represents (1) the add back of Principal Investment Income, including general partner income, earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.
- Represents (1) the add back of Other Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of interest expense associated with the Tax Receivable Agreement.

Definitions and Distribution Policy

Blackstone discloses the following operating metrics and 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:

- **Segment Distributable Earnings**, or “**Segment DE**”, is Blackstone’s segment profitability measure used to make operating decisions and assess performance across Blackstone’s four segments. Segment DE represents the net realized earnings of Blackstone’s segments and is the sum of Fee Related Earnings and Net Realizations for each segment. Blackstone’s segments are presented on a basis that deconsolidates Blackstone Funds, eliminates non-controlling ownership interests in Blackstone’s consolidated Operating Partnerships, removes the amortization of intangible assets and removes Transaction-Related Charges. Segment DE excludes unrealized activity and is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
 - **Net Realizations** is presented on a segment basis and is the sum of Realized Principal Investment Income and Realized Performance Revenues (which refers to Realized Performance Revenues excluding Fee Related Performance Revenues), less Realized Performance Compensation (which refers to Realized Performance Compensation excluding Fee Related Performance Compensation and Equity-Based Performance Compensation).
- **Distributable Earnings**, or “**DE**”, is derived from Blackstone’s segment reported results, and is used to assess performance and amounts available for distributions to Blackstone unitholders, including Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships. DE is the sum of Segment DE plus Net Interest Income (Loss) less Taxes and Related Payables. DE excludes unrealized activity and is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
 - **Net Interest Income (Loss)** is presented on a segment basis and is equal to Interest and Dividend Revenue less Interest Expense, adjusted for the impact of consolidation of Blackstone Funds, and interest expense associated with the Tax Receivable Agreement.
 - **Taxes and Related Payables** represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision for Taxes excluding the tax impact of any divestitures and including the Payable under the Tax Receivable Agreement.
- **Fee Related Earnings**, or “**FRE**”, is a performance measure used to assess Blackstone’s ability to generate profits from revenues that are measured and received on a recurring basis and not subject to future realization events. FRE equals management and advisory fees (net of management fee reductions and offsets) plus Fee Related Performance Revenues, less (a) Fee Related Compensation on a segment basis, and (b) Other Operating Expenses. FRE is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
 - **Fee Related Compensation** is presented on a segment basis and refers to the compensation expense, excluding Equity-Based Compensation, directly related to Management and Advisory Fees, Net and Fee Related Performance Revenues.
 - **Fee Related Performance Revenues** refers to the realized portion of Performance Revenues from Perpetual Capital that are (a) measured and received on a recurring basis, and (b) not dependent on realization events from the underlying investments.
 - **Fee Related Performance Compensation** is included in Fee Related Compensation on a segment basis and refers to compensation expense directly related to Fee Related Performance Revenues.
 - **Perpetual Capital** refers to the component of assets under management with an indefinite term, that is not in liquidation, and for which there is no requirement to return capital to investors through redemption requests in the ordinary course of business, except where funded by new capital inflows. Includes co-investment capital with an investor right to convert into Perpetual Capital.

Continued...

Definitions and Distribution Policy – Continued

- **Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization**, or “**Adjusted EBITDA**”, is a supplemental measure used to assess performance derived from Blackstone’s segment results and may be used to assess its ability to service its borrowings. Adjusted EBITDA represents Distributable Earnings plus the addition of (a) Interest Expense on a segment basis, (b) Taxes and Related Payables, and (c) Depreciation and Amortization. Adjusted EBITDA is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes.
- **Performance Revenues** collectively refers to: (a) Incentive Fees, and (b) Performance Allocations.
- **Performance Compensation** collectively refers to: (a) Incentive Fee Compensation, and (b) Performance Allocations Compensation.
- **Transaction-Related Charges** arise from corporate actions including acquisitions, divestitures, and Blackstone’s initial public offering. They consist primarily of equity-based compensation charges, gains and losses on contingent consideration arrangements, changes in the balance of the tax receivable agreement resulting from a change in tax law or similar event, transaction costs and any gains or losses associated with these corporate actions.

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

Forward-Looking Statements

This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect Blackstone’s current views with respect to, among other things, Blackstone’s operations, financial performance and unit repurchase and distribution activities. You can identify these forward-looking statements by the use of words such as “outlook,” “indicator,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Blackstone believes these factors include but are not limited to those described under the section entitled “Risk Factors” in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as such factors may be updated from time to time in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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