UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number: 001-33551

Blackstone

The Blackstone Group L.P.
(Exact name of Registrant as specified in its charter)

Delaware	**20-8875684**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

345 Park Avenue
New York, New York 10154
(Address of principal executive offices)(Zip Code)
(212) 583-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common units representing limited partner interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the common units of the Registrant held by non-affiliates as of June 29, 2018 was approximately $21.3 billion.

The number of the Registrant's voting common units representing limited partner interests outstanding as of February 22, 2019 was 658,590,547.

DOCUMENTS INCORPORATED BY REFERENCE

None

TABLE OF CONTENTS

		Page
PART I.		
ITEM 1.	BUSINESS	5
ITEM 1A.	RISK FACTORS	19
ITEM 1B.	UNRESOLVED STAFF COMMENTS	75
ITEM 2.	PROPERTIES	75
ITEM 3.	LEGAL PROCEEDINGS	75
ITEM 4.	MINE SAFETY DISCLOSURES	76
PART II.		
ITEM 5.	MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	77
ITEM 6.	SELECTED FINANCIAL DATA	80
ITEM 7.	MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	82
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	142
ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	146
ITEM 8A.	UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDITION	222
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	224
ITEM 9A.	CONTROLS AND PROCEDURES	224
ITEM 9B.	OTHER INFORMATION	225
PART III.		
ITEM 10.	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	226
ITEM 11.	EXECUTIVE COMPENSATION	232
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	254
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	257
ITEM 14.	PRINCIPAL ACCOUNTING FEES AND SERVICES	265
PART IV.		
ITEM 15.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES	266
ITEM 16.	FORM 10-K SUMMARY	277
SIGNATURES		278

Forward-Looking Statements

This report 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 our current views with respect to, among other things, our 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. We believe these factors include but are not limited to those described under the section entitled "Risk Factors" in this report, as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission ("SEC"), 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 report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Website and Social Media Disclosure

We use our website (www.blackstone.com), Facebook page (www.facebook.com/blackstone), Twitter (www.twitter.com/blackstone), LinkedIn (www.linkedin.com/company/blackstonegroup), Instagram (www.instagram.com/blackstone), SoundCloud (www.soundcloud.com/blackstone-300250613), PodBean (www.blackstone.podbean.com), Spotify (https://open.spotify.com/show/1PqaIgd12KgRN8rlijBhE7) and YouTube (www.youtube.com/user/blackstonegroup) accounts as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about Blackstone when you enroll your email address by visiting the "Contact Us/Email Alerts" section of our website at http://ir.blackstone.com. The contents of our website, any alerts and social media channels are not, however, a part of this report.

In this report, references to "Blackstone," the "Partnership," "we," "us" or "our" refer to The Blackstone Group L.P. and its consolidated subsidiaries. Unless the context otherwise requires, references in this report to the ownership of Mr. Stephen A. Schwarzman, our founder, and other Blackstone personnel include the ownership of personal planning vehicles and family members of these individuals.

"Blackstone Funds," "our funds" and "our investment funds" refer to the private equity funds, real estate funds, funds of hedge funds, hedge funds, credit-focused funds, collateralized loan obligations ("CLO"), real estate investment trusts and registered investment companies that are managed by Blackstone. "Our carry funds" refers to the private equity funds, real estate funds and certain of the hedge fund solutions and credit-focused funds (with multi-year drawdown, commitment-based structures that only pay carry on the realization of an investment) that are managed by Blackstone. We refer to our general corporate private equity funds as Blackstone Capital Partners ("BCP") funds, our energy-focused private equity funds as Blackstone Energy Partners ("BEP") funds, our core private equity fund as Blackstone Core Equity Partners ("BCEP"), our opportunistic investment platform that invests globally across asset classes, industries and geographies as Blackstone Tactical Opportunities ("Tactical Opportunities"), our secondary fund of funds business as Strategic Partners Fund Solutions ("Strategic Partners"), our infrastructure focused funds as Blackstone Infrastructure Partners ("BIP"), our multi-asset investment program for eligible high net worth investors offering exposure to certain of our key illiquid investment strategies through a single commitment as Blackstone Total Alternatives Solution ("BTAS") and our capital markets services business as Blackstone Capital Markets ("BXCM"). We refer to our real estate opportunistic funds as Blackstone Real Estate Partners ("BREP") funds and our real estate debt investment funds as Blackstone Real Estate Debt Strategies

(“BREDS”) funds. We refer to our core+ real estate funds, which target substantially stabilized assets in prime markets, as Blackstone Property Partners (“BPP”) funds. We refer to our real estate investment trusts as “REITs”, to Blackstone Mortgage Trust, Inc., our NYSE-listed REIT, as “BXMT”, and to Blackstone Real Estate Income Trust, Inc., our non-exchange traded REIT, as “BREIT”. “Our hedge funds” refers to our funds of hedge funds, hedge funds, certain of our real estate debt investment funds, including a registered investment company, and certain other credit-focused funds which are managed by Blackstone. “BIS” refers to Blackstone Insurance Solutions, which partners with insurers to deliver bespoke, capital-efficient investments tailored to each insurer’s needs and risk profile. “BXLS” refers to Blackstone Life Sciences, a private investment platform with capabilities to invest across the life-cycle of companies and products within the key life sciences sectors.

“Assets Under Management” refers to the assets we manage. Our Assets Under Management equals the sum of:

(a) the fair value of the investments held by our carry funds and our side-by-side and co-investment entities managed by us, plus (1) the capital that we are entitled to call from investors in those funds and entities pursuant to the terms of their respective capital commitments, including capital commitments to funds that have yet to commence their investment periods, or (2) for certain credit-focused funds the amounts available to be borrowed under asset based credit facilities,

(b) the net asset value of (1) our hedge funds and real estate debt carry funds, BPP, certain co-investments managed by us, and our Hedge Fund Solutions carry and drawdown funds (plus, in each case, the capital that we are entitled to call from investors in those funds, including commitments yet to commence their investment periods), and (2) our funds of hedge funds, our Hedge Fund Solutions registered investment companies, and BREIT,

(c) the invested capital, fair value or net asset value of assets we manage pursuant to separately managed accounts,

(d) the amount of debt and equity outstanding for our CLOs during the reinvestment period,

(e) the aggregate par amount of collateral assets, including principal cash, for our CLOs after the reinvestment period,

(f) the gross or net amount of assets (including leverage where applicable) for our credit-focused registered investment companies, and

(g) the fair value of common stock, preferred stock, convertible debt, or similar instruments issued by BXMT.

Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at their election. Our funds of hedge funds, hedge funds, funds structured like hedge funds and other open ended funds in our Hedge Fund Solutions, Credit and Real Estate segments generally have structures that afford an investor the right to withdraw or redeem their interests on a periodic basis (for example, annually or quarterly), typically with 30 to 95 days’ notice, depending on the fund and the liquidity profile of the underlying assets. Investment advisory agreements related to certain separately managed accounts in our Hedge Fund Solutions and Credit segments, excluding our BIS separately managed accounts, may generally be terminated by an investor on 30 to 90 days’ notice.

“Fee-Earning Assets Under Management” refers to the assets we manage on which we derive management fees and/or performance revenues. Our Fee-Earning Assets Under Management equals the sum of:

(a) for our Private Equity segment funds and Real Estate segment carry funds, including certain BREDS and Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value, net asset value or par value of assets held, depending on the fee terms of the fund,

(b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or net asset value, depending on the fee terms of the fund,

(c) the remaining invested capital or fair value of assets held in co-investment vehicles managed by us on which we receive fees,

(d) the net asset value of our funds of hedge funds, hedge funds, BPP, certain co-investments managed by us, certain registered investment companies, BREIT, and certain of our Hedge Fund Solutions drawdown funds,

(e) the invested capital, fair value of assets or the net asset value we manage pursuant to separately managed accounts,

(f) the net proceeds received from equity offerings and accumulated core earnings of BXMT, subject to certain adjustments,

(g) the aggregate par amount of collateral assets, including principal cash, of our CLOs, and

(h) the gross amount of assets (including leverage) or the net assets (plus leverage where applicable) for certain of our credit-focused registered investment companies.

Each of our segments may include certain Fee-Earning Assets Under Management on which we earn performance revenues but not management fees.

Our calculations of assets under management and fee-earning assets under management may differ from the calculations of other asset managers, and as a result this measure may not be comparable to similar measures presented by other asset managers. In addition, our calculation of assets under management includes commitments to, and the fair value of, invested capital in our funds from Blackstone and our personnel, regardless of whether such commitments or invested capital are subject to fees. Our definitions of assets under management and fee-earning assets under management are not based on any definition of assets under management and fee-earning assets under management that is set forth in the agreements governing the investment funds that we manage.

For our carry funds, total assets under management includes the fair value of the investments held, whereas fee-earning assets under management includes the amount of capital commitments, the remaining amount of invested capital at cost depending on whether the investment period has or has not expired or the fee terms of the fund. As such, fee-earning assets under management may be greater than total assets under management when the aggregate fair value of the remaining investments is less than the cost of those investments.

“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. Perpetual Capital includes co-investment capital with an investor right to convert into Perpetual Capital.

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

PART I.

ITEM 1. BUSINESS

Overview

Blackstone is a leading global alternative asset manager, with Total Assets Under Management of $472.2 billion as of December 31, 2018. As stewards of public funds, we look to drive outstanding results for our investors and clients by deploying capital and ideas to help businesses succeed and grow. Our alternative asset management businesses include investment vehicles focused on real estate, private equity, hedge fund solutions, credit, secondary funds of funds and multi-asset class strategies. We also provide capital markets services.

All of Blackstone's businesses use a solutions oriented approach to drive better performance. We believe our scale, diversified business, long track record of investment performance, rigorous investment approach and strong client relationships, position us to continue to perform well in a variety of market conditions, expand our assets under management and add complementary businesses.

Two of our primary limited partner constituencies are public and corporate pension funds. As a result, to the extent our funds perform well, it supports a better retirement for millions of pensioners.

In addition, because we are a global firm with a footprint on nearly every continent, our investments can make a difference around the world. We are committed to making our portfolio companies stronger in ways that can have positive impacts on local economies.

As of December 31, 2018, we employed approximately 2,615 people, including our 147 senior managing directors, at our headquarters in New York and around the world. We believe hiring, training and retaining talented individuals coupled with our rigorous investment process has supported our excellent investment record over many years. This record in turn has allowed us to successfully and repeatedly raise additional assets from an increasingly wide variety of sophisticated investors.

Business Segments

Our four business segments are: (a) Real Estate, (b) Private Equity, (c) Hedge Fund Solutions and (d) Credit.

Information about our business segments should be read together with "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and related notes included elsewhere in this Form 10-K.

Real Estate

Our Real Estate group was founded in 1991 and is one of the largest real estate investment managers in the world, with $136.2 billion of Total Assets Under Management as of December 31, 2018. We operate as one globally integrated business with 545 employees and investments in North America, Europe, Asia and Latin America. Our Real Estate investment team seeks to establish a differentiated view and capitalizes on our scale and proprietary information advantages to invest with conviction and generate attractive risk-adjusted returns for our investors over the long-term.

Our Blackstone Real Estate Partners funds are geographically diversified and target a broad range of "opportunistic" real estate and real estate related investments. The BREP funds include global funds as well as funds focused specifically on Europe or Asia investments. We seek to acquire high quality, well-located yet undermanaged assets at an attractive basis, address any property or business issues through active asset management and sell the assets once our business plan is accomplished. BREP has made significant investments in hotels, office buildings, industrial assets, residential and shopping centers, as well as a variety of real estate operating companies.

We launched Blackstone Real Estate Debt Strategies, our real estate debt platform, in 2008. Our BREDS vehicles target debt investment opportunities collateralized by commercial real estate. BREDS invests in both public and private markets, primarily in the U.S. and Europe. BREDS' scale and investment mandates enable it to provide a variety of lending options for our borrowers and investment options for our investors, including mezzanine loans, senior loans and liquid securities. The BREDS platform includes a number of high yield and high grade real estate debt funds, liquid real estate debt funds and Blackstone Mortgage Trust, Inc., a NYSE-listed REIT.

We launched our core+ real estate business, Blackstone Property Partners, in 2013 and have assembled a global portfolio of high quality core+ investments across the U.S., Europe and Asia. We manage several core+ real estate funds, which target substantially stabilized assets in prime markets with a focus on industrial, multifamily, office and retail assets. The funds generate returns through both current income and value appreciation over the long-term.

We launched Blackstone Real Estate Income Trust, a non-exchange traded REIT, in 2017. BREIT is focused on investing primarily in stabilized income-oriented commercial real estate in the United States.

For more information concerning the revenues and fees we derive from our Real Estate segment, see "— Incentive Arrangements / Fee Structure" in this Item 1.

Private Equity

Our Private Equity segment, established in 1987, is a global business with approximately 445 employees managing $130.7 billion of Total Assets Under Management as of December 31, 2018. We are a world leader in private equity investing, having managed seven general private equity funds, three sector-focused funds and one geographically-focused fund since we established the business. We are focused on identifying, managing and creating lasting value for our investors. Our Private Equity segment includes our corporate private equity business, which consists of Blackstone Capital Partners, our flagship private equity funds, our sector-focused funds, including our energy-focused funds (Blackstone Energy Partners) and our Asia-focused fund. The principal component of our Private Equity segment is our corporate private equity business. Our corporate private equity business consists of: (a) our flagship private equity funds, Blackstone Capital Partners, (b) our sector-focused funds, including our energy-focused funds, Blackstone Energy Partners, (c) our Asia-focused fund and (d) our core private equity fund, Blackstone Core Equity Partners, which targets control-oriented investments in high quality companies with durable businesses and seeks to offer a lower level of risk and a longer hold period than traditional private equity. In addition, our Private Equity segment includes (a) our opportunistic investment platform that invests globally across asset classes, industries and geographies, Blackstone Tactical Opportunities, (b) our secondary fund of funds business, Strategic Partners Fund Solutions, (c) our infrastructure-focused funds, Blackstone Infrastructure Partners, (d) our life sciences private investment platform, Blackstone Life Sciences, (e) our multi-asset investment program for eligible high net worth investors offering exposure to certain of Blackstone's key illiquid investment strategies through a single commitment, Blackstone Total Alternatives Solutions and (f) our capital markets services business, Blackstone Capital Markets.

Our corporate private equity business pursues transactions throughout the world across a variety of transaction types, including large buyouts, mid-cap buyouts, buy and build platforms (which involve multiple acquisitions behind a single management team and platform) and growth equity/development projects (which involve significant minority investments in operating companies and greenfield development projects in energy and power). Our private equity business's investment strategies and core themes continually evolve, in anticipation of, or in response to, changes in the global economy, local markets, regulation, capital flows and geopolitical trends. We seek to construct a differentiated portfolio of investments with a well-defined, interventionist, post-acquisition value creation strategy. Similarly, we seek investments that can generate strong unlevered returns regardless of entry or exit cycle timing. Finally, when we can identify sectors or geographies in which the demand for capital greatly exceeds the readily available supply, our corporate private equity business seeks to make investments at or near book value where it can create goodwill or franchise value through post-acquisition actions.

Tactical Opportunities is our opportunistic investment platform. The Tactical Opportunities mandate invests globally across asset classes, industries and geographies, seeking to identify and execute on attractive, differentiated investment opportunities. As part of the strategy, the team leverages the intellectual capital across Blackstone's various businesses while continuously optimizing its approach in the face of ever-changing market conditions. Tactical Opportunities' flexible mandate leads to a diversified portfolio of investments across a broad range of structures, including private and public securities and instruments and where the underlying exposure may be to equity or debt.

Strategic Partners, our secondary fund of funds business was established in 2000 and acquired by Blackstone in 2013. Strategic Partners is a total fund solutions provider. As a secondary investor it acquires interests in high quality private funds from original holders seeking liquidity. Strategic Partners focuses on a range of opportunities in underlying funds such as leveraged buyout, real estate, infrastructure, venture and growth capital, credit and other types of funds, as well as co-investments alongside financial sponsors. Strategic Partners also provides investment advisory services to separately managed account clients investing in primary and secondary investments in private funds and co-investments.

Blackstone Infrastructure Partners was established in 2017 and targets a diversified mix of core+, core and public-private partnership investments across the energy infrastructure, transportation, water and waste and communications sectors, with a primary focus in North America. BIP applies a disciplined, value-added, operationally intensive investment approach to investments in the infrastructure asset class. BIP expects to generate returns through both current income and value appreciation over the long-term.

For more information concerning the revenues and fees we derive from our Private Equity segment, see "— Incentive Arrangements / Fee Structure" in this Item 1.

Hedge Fund Solutions

The largest component of our Hedge Fund Solutions segment is Blackstone Alternative Asset Management ("BAAM"). BAAM is the world's largest discretionary allocator to hedge funds, managing a broad range of commingled and customized hedge fund of fund solutions since its inception in 1990. The Hedge Fund Solution segment also includes investment platforms that seed new hedge fund businesses, purchase minority ownership interests in more established hedge funds, invest in special situations opportunities, create alternative solutions in the form of mutual funds and Undertakings for Collective Investments in Transferable Securities ("UCITS") and invest directly. Working with our clients over the past 20 plus years, our Hedge Fund Solutions group has developed into a leading manager of institutional funds with approximately 265 employees managing $77.8 billion of Total Assets Under Management as of December 31, 2018. Hedge Fund Solutions' overall investment philosophy is to protect and grow investors' assets through both commingled and custom-tailored investment strategies designed to deliver compelling risk-adjusted returns and mitigate risk. Diversification, risk management, due diligence and a focus on downside protection are key tenets of our approach. For more information concerning the revenues and fees we derive from our Hedge Fund Solutions segment, see "— Incentive Arrangements / Fee Structure" in this Item 1.

Credit

Our Credit segment, with $127.5 billion of Total Assets Under Management as of December 31, 2018 and approximately 410 employees, consists principally of GSO Capital Partners LP ("GSO"). GSO is one of the largest credit alternative asset managers in the world and is the largest manager of CLOs globally. The investment portfolios of the funds we manage or sub-advise predominantly consist of loans and securities of non-investment grade companies spread across the capital structure including senior debt, subordinated debt, preferred stock and common equity.

The GSO business is organized into three overarching strategies: performing credit, distressed and long only. Our performing credit strategies include mezzanine lending funds, middle market direct lending funds and other

performing credit strategy funds. Our distressed strategies include credit alpha strategies, stressed/distressed funds and energy strategies. GSO's long only strategies consist of CLOs, closed end funds, open ended funds and separately managed accounts.

In addition, our Credit segment includes our publicly traded master limited partnership ("MLP") investment platform, which is managed by Harvest Fund Advisors LLC ("Harvest"). Harvest, which was founded in 2005 and subsequently acquired by Blackstone in 2017, primarily invests capital raised from institutional investors in separately managed accounts and pooled vehicles, investing in publicly traded MLPs holding primarily midstream energy assets in the U.S.

Our Credit segment also includes our insurer-focused platform, BIS. BIS partners with insurers to deliver customizable and diversified portfolios of Blackstone products across asset classes, as well as the option for full management of insurance companies' investment portfolios.

Pátria Investments

On October 1, 2010, we purchased a 40% equity interest in Pátria Investments Limited and Pátria Investimentos Ltda. (collectively, "Pátria"). Pátria is a leading alternative asset manager in Latin America that was founded in 1988. As of December 31, 2018, Pátria's alternative asset management businesses had $13.2 billion in assets under management, including the management of private equity funds ($7.5 billion), infrastructure funds ($4.2 billion), real estate funds ($1.0 billion) and new initiatives ($440.4 million). Pátria has approximately 275 employees and is led by a group of three managing partners. Our investment in Pátria is a minority, non-controlling investment, which we record using the equity method of accounting. We have representatives on Pátria's board of directors in proportion to our ownership, but we do not control the day-to-day management of the firm or the investment decisions of their funds, all of which continues to reside with the local Brazilian partners.

Investment Process and Risk Management

We maintain a rigorous investment process across all of our funds, accounts and other investment vehicles. Each fund, account or other vehicle has investment policies and procedures that generally contain requirements and limitations for investments, such as limitations relating to the amount that will be invested in any one investment and the types of industries or geographic regions in which the fund, account or other vehicle will invest, as well as limitations required by law. The investment committees of our businesses review and evaluate investment opportunities in a framework that includes a qualitative and quantitative assessment of the key risks of each investment.

Real Estate Funds

Our Real Estate investment professionals are responsible for selecting, evaluating, structuring, diligencing, negotiating, executing, managing and exiting investments, as well as pursuing operational improvements and value creation. After an initial screening process during which the investment team evaluates general business and market investment criteria, the investment team conducts a more detailed underwriting, evaluation and diligence of the investment. The regional investment teams meet once a week to discuss investments under various stages of review. Our real estate operation has one global investment review process to consider and approve all investments. The relevant team of investment professionals (i.e., the deal team) generally submits a proposed transaction for review and approval by a review or investment committee depending on the size, region and type of investment. Our investment and review committees are composed of senior leaders of the firm and select senior managing directors of our Real Estate segment, including individuals based on the location and sector of the proposed transaction. Considerations that the investment and review committees take into account when evaluating an investment include the quality of the business or asset in which the fund proposes to invest, likely exit strategies, factors that could reduce the value of a business or asset upon sale, environmental, social and governance, or ESG, issues and macroeconomic trends in the relevant geographic region.

The investment professionals of our real estate funds are responsible for monitoring an investment once it is made and for making recommendations with respect to exiting an investment. In addition to members of a deal team and our dedicated asset management team, which is responsible for assisting in enhancing portfolio companies' operations and value, our real estate professionals meet regularly to discuss new significant investment opportunities, reinvestment opportunities within the current portfolio and potential dispositions.

Private Equity Funds

Our private equity investment professionals are responsible for selecting, evaluating, structuring, diligencing, negotiating, executing, managing and exiting investments, as well as pursuing operational improvements and value creation. After an initial selection, evaluation and diligence process, the relevant team of investment professionals (i.e., the deal team) submits a proposed transaction for review by the review committee of our private equity funds. Review committee meetings are led by an executive committee of several senior managing directors of our Private Equity segment. Following assimilation of the review committee's input and its decision to proceed, the proposed investment is vetted by the investment committee, similar to that described under "— Real Estate Funds". The investment committee is responsible for approving all investment decisions made on behalf of our private equity funds. Considerations that the investment committee takes into account when evaluating an investment include the quality of a business in which the fund proposes to invest and the quality of the management team of such business, expected levered and unlevered returns of the investment in a variety of investment scenarios, the ability of the company in which the investment is made to service debt in a range of economic and interest rate environments, environmental, social and governance, or ESG, issues and macroeconomic trends in the relevant geographic region.

The investment professionals of our private equity funds are responsible for monitoring an investment once it is made and for making recommendations with respect to exiting an investment. In addition to members of a deal team and our portfolio operations group, which is responsible for assisting in enhancing portfolio companies' operations and value, all professionals in our private equity business meet several times each year to review the performance of the funds' portfolio companies.

Tactical Opportunities has a substantially similar process to the private equity process described above, with the exception of the composition of the review and investment committee. The Tactical Opportunities review committee is comprised of senior managing directors of the Tactical Opportunities business and a senior managing director of our private equity business, and the investment committee is comprised of senior leaders of the firm and key leaders of each business unit.

Strategic Partners is a total fund solutions provider and focuses on acquiring, among other things, secondary interests in private funds from original holders seeking liquidity. After rigorous, highly analytical investment due diligence, the Strategic Partners investment professionals present a proposed transaction to the group's investment committee. The Strategic Partners investment committee is comprised of senior members of our Strategic Partners business. The investment committee meets to review, and decide whether to approve or deny, transactions. The investment professionals on the Strategic Partners team are responsible for monitoring each investment once it is made.

BIP has one global investment committee, similar to that described under "— Real Estate Funds", and applies uniform standards regardless of geography or sector. The BIP review committee and investment committee are each comprised of Mr. Schwarzman and other senior leaders of the firm, the Global Head of Infrastructure and key leaders of our private equity and credit-focused businesses.

Hedge Fund Solutions

Before deciding to invest in a new hedge fund or with a new hedge fund manager, our Hedge Fund Solutions team conducts due diligence, including an on-site "front office" review of the fund's/manager's performance, investment terms, investment strategy and investment personnel, a "back office" review of the fund's/manager's

operations, processes, risk management and internal controls, industry reference checks and a legal review of the investment structures and legal documents. For our direct investing platform, our Hedge Fund Solutions team conducts due diligence on the underlying investment. In each case, once initial due diligence procedures are completed and the investment and other professionals are satisfied with the results of the review, the team typically will present the potential investment to the relevant Hedge Fund Solutions investment committee. The investment committees are comprised of relevant senior managing directors and senior investment personnel. Existing investments are reviewed and monitored on a regular basis.

Credit

Each of our credit-focused funds has an investment committee similar to that described under "— Real Estate Funds". The investment committees for the credit-focused funds include senior members of the respective investment teams associated with each credit-focused fund. The investment committees review potential transactions, provide input regarding the scope of due diligence and approve recommended investments and dispositions, subject to delineated exceptions set forth in the funds' investment committee charters.

The investment decisions for the customized credit long only clients and other clients whose portfolios are actively traded, including those advised by BIS, are made or reviewed by separate investment committees, each of which is composed of certain of the group's respective senior managing directors, managing directors and other investment professionals. The investment team is staffed by professionals within research, portfolio management, trading and capital formation to ensure active management of the portfolios. Industry-focused research analysts provide the committee with a formal and comprehensive review of new investment recommendations. Our portfolio managers and trading professionals discuss technical aspects of the recommendation as well as the risks associated with the overall portfolio composition with investment analysts. Investments are subject to predetermined periodic reviews to assess their continued fit within the funds. Our research team monitors the operating performance of the underlying issuers, while portfolio managers, in concert with our traders, focus on optimizing asset composition to maximize value for our investors.

Harvest has an investment committee that is comprised of Harvest investment professionals, including senior members of the investment team. The investment committee oversees Harvest's portfolio of investments and manages all security selection decisions for Harvest's funds and separately managed accounts.

Structure and Operation of Our Investment Vehicles

Our private investment funds are generally organized as limited partnerships with respect to U.S. domiciled vehicles and limited partnership, limited liability and other similar entities with respect to non-U.S. domiciled vehicles. In the case of our separately managed accounts, the investor, rather than us, generally controls the investment vehicle that holds or has custody of the investments we advise the vehicle to make. We conduct the sponsorship and management of our carry funds and other similar vehicles primarily through a partnership structure in which limited partnerships organized by us accept commitments and/or funds for investment from institutional investors and, to a more limited extent, high net worth individuals. Such commitments are generally drawn down from investors on an as-needed basis to fund investments (or for other permitted purposes) over a specified term. With the exception of certain core+ real estate and certain real estate debt funds, our private equity and private real estate funds are commitment structured funds. For certain BPP and BREDS funds, all or a portion of the committed capital is funded on or promptly after the investor's subscription date and cash proceeds resulting from the disposition of investments can be reused indefinitely for further investment, subject to certain investor withdrawal rights. Our real estate business also includes BXMT, BREIT, and a registered investment company complex, each of which is externally managed or advised by Blackstone-owned entities. Our credit-focused funds are generally commitment structured funds or open ended where the investor's capital is fully funded into the fund upon or soon after the subscription for interests in the fund. The CLO vehicles we manage are structured investment vehicles that are generally private companies with limited liability. Most of our funds of hedge funds as well as our hedge funds

are structured as funds where the investor's capital is fully funded into the fund upon the subscription for interests in the fund. BIS is generally structured around separately managed accounts.

Our investment funds, separately managed accounts and other vehicles not domiciled in the European Economic Area ("EEA") are generally advised by a Blackstone entity serving as investment adviser that is registered under the U.S. Investment Advisers Act of 1940, or "Advisers Act." For our investment funds, separately managed accounts and other vehicles domiciled in the EEA, a Blackstone entity domiciled in the EEA generally serves as external alternative investment fund manager ("AIFM"), and the AIFM typically delegates its portfolio management function to a Blackstone-affiliated investment advisor registered under the Advisers Act. Substantially all of the day-to-day operations of each investment vehicle are typically carried out by the Blackstone entity serving as investment adviser or AIFM, as applicable, pursuant to an investment advisory, investment management, AIFM or other similar agreement. Generally, the material terms of our investment advisory and AIFM agreements, as applicable, relate to the scope of services to be rendered by the investment adviser or the AIFM to the applicable vehicle, the calculation of management fees to be borne by investors in our investment vehicles, the calculation of and the manner and extent to which other fees received by the investment adviser or the AIFM, as applicable, from funds or fund portfolio companies serve to offset or reduce the management fees payable by investors in our investment vehicles and certain rights of termination with respect to our investment advisory and AIFM agreements. With the exception of the registered funds described below, the investment vehicles themselves do not generally register as investment companies under the U.S. Investment Company Act of 1940, or "1940 Act," in reliance on the statutory exemptions provided by Section 3(c)(7), Section 7(d) or Section 3(c)(5)(C) thereof or, typically in the case of vehicles formed prior to 1997, Section 3(c)(1) thereof. Section 3(c)(7) of the 1940 Act exempts from its registration requirements investment vehicles privately placed in the United States whose securities are owned exclusively by persons who, at the time of acquisition of such securities, are "qualified purchasers" as defined under the 1940 Act. Section 3(c)(5)(C) of the 1940 Act exempts from its registration requirements certain companies engaged primarily in investment in mortgages and other liens or investments in real estate. Section 3(c)(1) of the 1940 Act exempts from its registration requirements privately placed investment vehicles whose securities are beneficially owned by not more than 100 persons. In addition, under current interpretations of the SEC, Section 7(d) of the 1940 Act exempts from registration any non-U.S. investment vehicle all of whose outstanding securities are beneficially owned either by non-U.S. residents or by U.S. residents that are qualified purchasers. BXMT is externally managed by a Blackstone-owned entity pursuant to a management agreement, conducts its operations in a manner that allows it to maintain its REIT qualification and also avail itself of the statutory exemption provided by Section 3(c)(5)(C) of the 1940 Act. BREIT is externally advised by a Blackstone-owned entity pursuant to an advisory agreement, conducts its operations in a manner that allows it to maintain its REIT qualification and also avails itself of the statutory exemption provided by Section 3(c)(5)(C) of the 1940 Act.

In some cases, one or more of our investment advisers, including within GSO, BAAM and BREDS advisers, advises or sub-advises funds registered under the 1940 Act. In addition to having an investment adviser, each investment fund that is a limited partnership, or "partnership" fund, also has a general partner that generally makes all operational and investment decisions, including the making, monitoring and disposing of investments. The limited partners of the partnership funds generally take no part in the conduct or control of the business of the investment funds, have no right or authority to act for or bind the investment funds and have no influence over the voting or disposition of the securities or other assets held by the investment funds. With the exception of certain of our funds of hedge funds, hedge funds, certain credit-focused and real estate debt funds, and other funds or separately managed accounts for the benefit of one or more specified investors, third party investors in our funds have the right to remove the general partner of the fund or to accelerate the termination of the investment fund without cause by a simple majority vote. In addition, the governing agreements of our investment funds provide that in the event certain "key persons" in our investment funds do not meet specified time commitments with regard to managing the fund, then (a) investors in certain funds have the right to vote to terminate the investment period by a specified percentage (including, in certain cases a simple majority) vote in accordance with specified procedures, or accelerate the withdrawal of their capital on an investor-by-investor basis, or (b) the fund's investment period will automatically terminate and a specified percentage (including, in certain cases a simple majority) in accordance with specified procedures is required to restart it. In addition, the governing agreements of some of our investment funds

provide that investors have the right to terminate, for any reason, the investment period by a vote of 75% of the investors in such fund.

Incentive Arrangements / Fee Structure

Management Fees

The following describes the management fees received by the Blackstone investment advisers and AIFM.

- The investment adviser of each of our non-EEA domiciled carry funds and the AIFM of each of our EEA domiciled carry funds generally receives an annual management fee based upon a percentage of the fund’s capital commitments, invested capital and/or undeployed capital during the investment period and the fund’s invested capital or investment fair value after the investment period, except that the investment adviser or AIFM to certain of our credit-focused carry/incentive funds, BPP funds and BCEP receive an annual management fee that is based upon a percentage of invested capital or net asset value throughout the term of the fund. These management fees are payable on a regular basis (typically quarterly) in the contractually prescribed amounts over the life of the fund. Depending on the base upon which management fees are calculated, negative performance of one or more investments in the fund may reduce the total management fee paid, but not the fee rate.
- The investment adviser of each of our funds that are structured like hedge funds, or of our funds of hedge funds, registered mutual funds and separately managed accounts that invest in hedge funds, generally receives an annual management fee that is based upon a percentage of the fund’s or account’s net asset value. These management fees are also payable on a regular basis (typically quarterly). These funds generally provide investors liquidity through annual, semi-annual, quarterly or monthly withdrawal or redemption rights, in some cases following the expiration of a specified period of time when capital may not be withdrawn. Daily redemption rights are generally provided in the case of registered mutual funds. The amount of management fees to which the investment adviser is entitled with respect thereto will proportionately increase as the net asset value of each investor’s capital account grows and will proportionately decrease as the net asset value of each investor’s capital account decreases. In addition, to the extent the mandate of our funds is to invest capital in third party managed hedge funds, as is the case with our funds of hedge funds, our funds will be required to pay management fees to such third party managers, which typically are borne by investors in such investment vehicles.
- The investment adviser of each of our CLOs typically receives annual management fees based upon a percentage of each fund’s assets, subject to certain performance measures related to the underlying assets the vehicle owns, and additional management fees which are incentive-based (that is, subject to meeting certain return criteria). These management fees are also payable on a regular basis (typically quarterly). The term of each CLO varies from deal to deal and may be subject to early redemption or extension; typically, however, a CLO will be wound down within eight to eleven years of being launched. The quantum of fees will decrease as the fund deleverages toward the end of its term.
- The investment adviser of each of our separately managed accounts generally receives annual management fees typically based upon a percentage of each account’s net asset value or invested capital. The management fees we receive from each of our separately managed accounts are generally paid on a regular basis (typically quarterly) and if based on net asset value may proportionately increase or decrease based on the net asset value of the separately managed account. The management fees we are paid for managing a separately managed account will generally be subject to contractual rights the investor has to terminate our management of an account on generally as short as 30 days’ prior notice.
- The investment adviser of each of our credit-focused registered and non-registered investment companies typically receives annual management fees based upon a percentage of each company’s net asset value or total managed assets. The management fees we receive from the registered investment companies we manage are generally paid on a regular basis (typically quarterly) and proportionately increase or decrease based on the net asset value or gross assets of the investment company. The management fees we are paid

for managing the investment company will generally be subject to contractual rights the company's board of directors has to terminate our management of an account on as short as 30 days' prior notice.

- The investment adviser of BXMT receives annual management fees based upon a percentage of BXMT's net proceeds received from equity offerings and accumulated "core earnings" (which is generally equal to its net income, calculated under accounting principles generally accepted in the United States of America ("GAAP"), excluding certain non-cash and other items), subject to certain adjustments. The management fees we receive from managing BXMT are paid quarterly and increase or decrease based on, among other things, BXMT's net proceeds received from equity offerings and accumulated core earnings (subject to certain adjustments).
- The investment adviser of BREIT receives a management fee based on a percentage of the REIT's net asset value, payable monthly.

For additional information regarding the management fee rates we receive, see "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Revenue Recognition — Management and Advisory Fees, Net."

Incentive Fees

Incentive fees generally are performance based allocations of a fund's net capital appreciation during a period, typically annually, subject to the achievement of minimum return levels, high water marks, and/or other hurdle provisions, in accordance with the respective terms set out in each fund's governing agreements. Incentive fees are typically realized at the end of the measurement period. Once realized, such fees are typically not subject to clawback or reversal. The following describes the incentive fees earned generally by Blackstone.

- In our Hedge Fund Solutions segment, the investment adviser of our funds of hedge funds, certain hedge funds, separately managed accounts that invest in hedge funds and certain non-U.S. registered investment companies, is entitled to an incentive fee of 0% to 25%, as applicable, of the applicable investment vehicle's net appreciation, subject to high water mark hurdle provisions and in some cases a preferred return. In addition, to the extent the mandate of our funds is to invest capital in third party managed hedge funds, as is the case with our funds of hedge funds, our funds will be required to pay incentive fees to such third party managers, which typically are borne by investors in such investment vehicles.
- The general partners or similar entities of each of our real estate and credit hedge fund structures receive incentive fees of generally up to 20% of the applicable fund's net capital appreciation per annum.
- The external manager of BXMT is entitled to an incentive fee, payable quarterly, in an amount, not less than zero, equal to the product of (a) 20% and (b) the excess of (i) BXMT's core earnings for the previous 12-month period over (ii) an amount equal to 7% per annum multiplied by BXMT's average outstanding equity (as defined in the management agreement), provided that BXMT's core earnings over the prior three-year period are greater than zero.
- The special limited partner of BREIT, is entitled to a performance participation interest, which is paid annually and accrues monthly, in an amount equal to 12.5% of its total return, subject to a 5% hurdle amount and a high water mark with a catch-up.
- The general partner of certain open ended BPP funds is entitled to an incentive fee allocation of generally 10% of net capital appreciation, subject to a hurdle amount generally of 6% to 7%, a loss recovery amount and a catch-up. Incentive Fees for these funds are generally realized every three years from when a limited partner makes its initial investment.

Performance Allocations

The general partner or an affiliate of each of our carry funds is entitled to a disproportionate allocation of the income otherwise allocable to the limited partners of such fund, commonly referred to as carried interest

("Performance Allocations"). Our ability to generate carried interest is an important element of our business and has historically accounted for a very significant portion of our income.

The carried interest is typically structured as a net profits interest in the applicable fund. In the case of our carry funds, carried interest is calculated on a "realized gain" basis, and each general partner (or affiliate) is generally entitled to a carried interest equal to 20% of the net realized income and gains (generally taking into account realized and unrealized or net unrealized losses) generated by such fund, except that the general partners (or affiliates) of certain of our credit-focused BREDS, BPP, Tactical Opportunities and secondary funds of funds, BTAS and BCEP, are generally entitled to a carried interest that ranges between 10% and 20%, depending on the specific fund (subject to variation across our business units and funds). Net realized income or loss is not netted between or among funds, and in some cases our carry funds provide for carried interest on current income distributions (subject to certain conditions).

For most carry funds, the carried interest is subject to an annual preferred limited partner return ranging from 5% to 8%, subject to a catch-up allocation to the general partner. Some of our carry funds (e.g., our Tactical Opportunities funds generally and certain BIS funds) do not provide for a preferred return, and generally the terms of our carry funds vary in certain respects across our business units and vintages. If, at the end of the life of a carry fund (or earlier with respect to certain of our real estate, real estate debt, core+ real estate, credit-focused and multi-asset class and/or opportunistic investment funds), as a result of diminished performance of later investments in a carry fund's life, (a) the general partner receives in excess of the relevant carried interest percentage(s) applicable to the fund as applied to the fund's cumulative net profits over the life of the fund, or (in certain cases) (b) the carry fund has not achieved investment returns that exceed the preferred return threshold (if applicable), then we will be obligated to repay an amount equal to the carried interest that was previously distributed to us that exceeds the amounts to which the relevant general partner was ultimately entitled on an after-tax basis. This is known as a "clawback" obligation and is an obligation of any person who received such carried interest, including us and other participants in our carried interest plans.

Although a portion of any distributions by us to our unitholders may include any carried interest received by us, we do not intend to seek fulfillment of any clawback obligation by seeking to have our unitholders return any portion of such distributions attributable to carried interest associated with any clawback obligation. To the extent we are required to fulfill a clawback obligation, however, our general partner may determine to decrease the amount of our distributions to common unitholders. The clawback obligation operates with respect to a given carry fund's own net investment performance only and carried interest of other funds is not netted for determining this contingent obligation. Moreover, although a clawback obligation is several, the governing agreements of most of our funds provide that to the extent another recipient of carried interest (such as a current or former employee) does not fund his or her respective share of the clawback obligation then due, then we and our employees who participate in such carried interest plans may have to fund additional amounts (generally an additional 50% to 70% beyond our pro-rata share of such obligation) although we retain the right to pursue any remedies that we have under such governing agreements against those carried interest recipients who fail to fund their obligations. We have recorded a contingent repayment obligation equal to the amount that would be due on December 31, 2018, if the various carry funds were liquidated at their current carrying value.

For additional information concerning the clawback obligations we could face, see "— Item 1A. Risk Factors — We may not have sufficient cash to pay back 'clawback' obligations if and when they are triggered under the governing agreements with our investors."

Advisory and Transaction Fees

Some of our investment advisers or one of their affiliates, particularly real estate, private equity and credit-focused advisers, receive customary fees (for example, acquisition, origination and other transaction fees) upon consummation of their funds' transactions, and may from time to time receive advisory, monitoring and other fees in connection with their activities. For most of the funds where we receive such fees, we are required to reduce the

management fees charged to the funds' limited partners by 50% to 100% of such limited partner's share of such fees.

Capital Invested In and Alongside Our Investment Funds

To further align our interests with those of investors in our investment funds, we have invested the firm's capital and that of our personnel in the investment funds we sponsor and manage. Minimum general partner capital commitments to our investment funds are determined separately with respect to our investment funds and, generally, are less than 5% of the limited partner commitments of any particular fund. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for more information regarding our minimum general partner capital commitments to our funds. We determine whether to make general partner capital commitments to our funds in excess of the minimum required commitments based on, among other things, our anticipated liquidity, working capital and other capital needs. In many cases, we require our senior managing directors and other professionals to fund a portion of the general partner capital commitments to our funds. In other cases, we may from time to time offer to our senior managing directors and employees a part of the funded or unfunded general partner commitments to our investment funds. Our general partner capital commitments are funded with cash and not with carried interest or deferral of management fees.

Investors in many of our funds also receive the opportunity to make additional "co-investments" with the investment funds. Our personnel, as well as Blackstone itself, also have the opportunity to make co-investments, which we refer to as "side-by-side investments," with many of our carry funds. Co-investments and side-by-side investments are investments in portfolio companies or other assets on the same terms and conditions as those acquired by the applicable fund. Co-investments refer to investments arranged by us that are made by our limited partner investors (and other investors in some instances) in a portfolio company or other assets alongside an investment fund. In certain cases, limited partner investors may pay additional management fees or carried interest in connection with such co-investments. Side-by-side investments are similar to co-investments but are made by directors, officers, senior managing directors, employees and certain affiliates of Blackstone. These investments are generally made pursuant to a binding election, subject to certain limitations, made once a year for the estimated activity during the ensuing 12 months under which those persons are permitted to make investments alongside a particular carry fund in all transactions of that fund for that year. Side-by-side investments are funded in cash and are not generally subject to management fees or carried interest.

Competition

The asset management industry is intensely competitive, and we expect it to remain so. We compete both globally and on a regional, industry and sector basis. We compete on the basis of a number of factors, including investment performance, transaction execution skills, access to capital, access to and retention of qualified personnel, reputation, range of products and services, innovation and price.

We face competition both in the pursuit of outside investors for our investment funds and in acquiring investments in attractive portfolio companies and making other investments. Although many institutional and individual investors have increased the amount of capital they commit to alternative investment funds, such increases may create increased competition with respect to fees charged by our funds. Certain institutional investors are demonstrating a preference to in-source their own investment professionals and to make direct investments in alternative assets without the assistance of private equity advisers like us. We compete for investments with such institutional investors and such institutional investors could cease to be our clients.

Depending on the investment, we face competition primarily from sponsors managing other private equity funds, specialized investment funds, hedge funds and other pools of capital, other financial institutions and institutional investors (including sovereign wealth and pension funds), corporate buyers and other parties. Several of these competitors have significant amounts of capital and many of them have investment objectives similar to ours, which may create additional competition for investment opportunities. Some of these competitors may also have a

lower cost of capital and access to funding sources or other resources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities. In addition, some of these competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments. Corporate buyers may be able to achieve synergistic cost savings with regard to an investment or be perceived by sellers as otherwise being more desirable bidders, which may provide them with a competitive advantage in bidding for an investment.

In all of our businesses, competition is also intense for the attraction and retention of qualified employees. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

For additional information concerning the competitive risks that we face, see "— Item 1A. Risk Factors — Risks Related to Our Business — The asset management business is intensely competitive."

Employees

As of December 31, 2018, we employed approximately 2,615 people, including our 147 senior managing directors. We strive to maintain a work environment that fosters professionalism, excellence, integrity and cooperation among our employees.

Regulatory and Compliance Matters

Our businesses, as well as the financial services industry generally, are subject to extensive regulation in the United States and elsewhere.

All of the investment advisers of our investment funds operating in the U.S. are registered as investment advisers with the SEC (other investment advisers are registered in non-U.S. jurisdictions). Registered investment advisers are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure, advertising and custody requirements, limitations on agency cross and principal transactions between an adviser and advisory clients, and general anti-fraud prohibitions.

Blackstone Advisory Partners L.P., a subsidiary of ours through which we conduct our capital markets business and certain of our fund marketing and distribution, is registered as a broker-dealer with the SEC and is subject to regulation and oversight by the SEC, is a member of the Financial Industry Regulatory Authority, or "FINRA," and is registered as a broker-dealer in 50 states, the District of Columbia, the Commonwealth of Puerto Rico and the Virgin Islands. In addition, FINRA, a self-regulatory organization subject to oversight by the SEC, adopts and enforces rules governing the conduct, and examines the activities, of its member firms, including our broker-dealer entity. State securities regulators also have regulatory oversight authority over our broker-dealer entity.

Broker-dealers are subject to regulations that cover all aspects of the securities business, including, among others, the implementation of a supervisory control system over the securities business, advertising and sales practices, conduct of and compensation in connection with public securities offerings, maintenance of adequate net capital, record keeping and the conduct and qualifications of employees. In particular, as a registered broker-dealer and member of FINRA, Blackstone Advisory Partners L.P. is subject to the SEC's uniform net capital rule, Rule 15c3-1. Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer's assets be kept in relatively liquid form. The SEC and various self-regulatory organizations impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the capital structure of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the SEC's uniform net

capital rule imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital.

In addition, certain of the closed ended and open ended mutual funds and investment management companies we manage, advise or sub-advise are registered under the 1940 Act. The 1940 Act and the rules thereunder govern, among other things, the relationship between us and such investment vehicles and limit such investment vehicles' ability to enter into certain transactions with us or our affiliates, including other funds managed, advised or sub-advised by us.

Pursuant to the U.K. Financial Services and Markets Act 2000, or "FSMA," certain of our subsidiaries are subject to regulations promulgated and administered by the Financial Conduct Authority ("FCA"). The Blackstone Group International Partners LLP ("BGIP") acts as a sub-advisor to its Blackstone U.S. affiliates in relation to the investment and re-investment of Europe, Middle East and Africa ("EMEA")-based assets of Blackstone funds as well as arranging transactions to be entered into by or on behalf of Blackstone funds. BGIP also acts as a distributor of Blackstone funds in EMEA. BGIP has a Markets in Financial Instruments Directive (2007) ("MiFID") cross-border passport to provide investment advisory services within the European Economic Area ("EEA"). BGIP's principal place of business is in London and it has Representative Offices in the Dubai International Financial Centre ("DIFC"), Milan and Paris. GSO Capital Partners International LLP ("GSO U.K.") is also authorized and regulated by the FCA in the United Kingdom. As of November 1, 2018, GSO U.K. no longer carried out any business activities. GSO U.K. has a MiFID cross-border passport to provide investment advisory services and investment management within the EEA. GSO U.K.'s principal place of business is in London. The FSMA and rules promulgated thereunder form the cornerstone of legislation which governs all aspects of our investment business in the United Kingdom, including sales, research and trading practices, provision of investment advice, use and safekeeping of client funds and securities, regulatory capital, recordkeeping, approval standards for individuals, anti-money laundering, periodic reporting and settlement procedures. Blackstone Property Management Limited is authorized and regulated by the FCA in the United Kingdom as a property management and advisory company with the ability to administer contracts of insurance.

Blackstone / GSO Debt Funds Management Europe Limited ("DFME") is authorized and regulated by the Central Bank of Ireland ("CBI") as an Investment Firm under the European Communities (Markets in Financial Instruments) Regulations 2007. DFME's principal activity is the provision of management and advisory services to certain CLO and sub-advisory services to certain affiliates. Blackstone / GSO Debt Funds Management Europe II Limited ("DFME II") is authorized and regulated by the CBI as an Alternative Investment Fund Manager under the European Union (Alternative Investment Fund Managers Regulations) 2013 ("AIFMRs"). DFME II provides investment management functions including portfolio management, risk management, administration, marketing and related activities to its alternative investment funds in accordance with AIFMRs and the conditions imposed by the CBI as set out in the CBI's alternative investment fund rulebook.

Blackstone Europe Fund Management S.à r.l. ("BEFM") is an approved Alternative Investment Fund Manager under the European Union Alternative Investment Fund Managers Directive (the "AIFMD"). BEFM may also provide discretionary portfolio management services and investment advice in accordance with article 5(4) of the Luxembourg Law of 12 July 2013 on alternative investment fund managers, as amended. BEFM provides investment management functions including portfolio management, risk management, administration, marketing and related activities to its alternative investment funds in accordance with AIFMD and the conditions imposed by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg. BEFM has a branch entity established in Denmark.

Certain Blackstone operating entities are licensed and subject to regulation by financial regulatory authorities in Japan, Hong Kong, Australia and Singapore: The Blackstone Group Japan K.K., a financial instruments firm, is registered with Kanto Local Finance Bureau (Kin-sho No. 1785) and regulated by the Japan Financial Services Agency; The Blackstone Group (HK) Limited is regulated by the Hong Kong Securities and Futures Commission; The Blackstone Group (Australia) Pty Limited ACN 149 142 058 and Blackstone Real Estate Australia Pty Limited

ACN 604 167 651 each holds an Australian financial services license authorizing it to provide financial services in Australia (AFSL 408376 and AFSL 485716, respectively) and is regulated by the Australian Securities and Investments Commission; and Blackstone Singapore Pte. Ltd. is regulated by the Monetary Authority of Singapore (Company Registration Number: 201020503E).

Certain investment advisers are also registered with international regulators in connection with their management of products that are locally distributed and/or regulated.

The SEC and various self-regulatory organizations and state securities regulators have in recent years increased their regulatory activities, including regulation, examination and enforcement in respect of asset management firms.

As described above, certain of our businesses are subject to compliance with laws and regulations of U.S. federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to, among other things, marketing of investment products, disclosure and the privacy of client information, and any failure to comply with these regulations could expose us to liability and/or damage our reputation. Our businesses have operated for many years within a legal framework that requires us to monitor and comply with a broad range of legal and regulatory developments that affect our activities. However, additional legislation, changes in rules promulgated by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and profitability.

Rigorous legal and compliance analysis of our businesses and investments is endemic to our culture and risk management. Our Chief Legal Officer and Global Head of Compliance, together with the Chief Compliance Officers of each of our businesses, supervise our compliance personnel, who are responsible for addressing all regulatory and compliance matters that affect our activities. We strive to maintain a culture of compliance through the use of policies and procedures including a code of ethics, electronic compliance systems, testing and monitoring, communication of compliance guidance and employee education and training. Our compliance policies and procedures address a variety of regulatory and compliance matters such as the handling of material non-public information, personal securities trading, marketing practices, gifts and entertainment, valuation of investments on a fund-specific basis, recordkeeping, potential conflicts of interest, the allocation of investment opportunities, collection of fees and expense allocation.

Our compliance group also monitors the information barriers that we maintain between Blackstone's businesses. We believe that our various businesses' access to the intellectual knowledge and contacts and relationships that reside throughout our firm benefits all of our businesses. To maximize that access without compromising compliance with our legal and contractual obligations, our compliance group oversees and monitors the communications between groups that are on the private side of our information barrier and groups that are on the public side, as well as between different public side groups. Our compliance group also monitors contractual obligations that may be impacted and potential conflicts that may arise in connection with these inter-group discussions.

In addition, disclosure controls and procedures and internal controls over financial reporting are documented, tested and assessed for design and operating effectiveness in accordance with the U.S. Sarbanes-Oxley Act of 2002. Internal Audit, which reports directly to the audit committee of the board of directors of our general partner, operates with a global mandate and is responsible for the examination and evaluation of the adequacy and effectiveness of the organization's governance and risk management processes and internal controls, as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

Our enterprise risk management framework is designed to comprehensively identify, assess, mitigate and monitor our business, operational and other key enterprise risks at the corporate, business unit and fund level. Committees comprised of members of management and representatives of various business units and corporate

functions consider and evaluate strategic, investment, reputational, financial, legal, compliance, human capital, operational, technology and other risks attendant to our business. Senior management reports regularly to the audit committee of the board of directors of our general partner on risk matters, including by providing periodic risk reports, an overview of management's views on key risks to the firm and detailed assessments of selected risks.

There are a number of pending or recently enacted legislative and regulatory initiatives in the United States and in Europe that could significantly affect our business. Please see "— Item 1A. Risk Factors — Risks Related to Our Business — Financial regulatory changes in the United States could adversely affect our business" and "— Item 1A. Risk Factors — Risks Related to Our Business — Recent regulatory changes in jurisdictions outside the United States could adversely affect our business."

Available Information

The Blackstone Group L.P. is a Delaware limited partnership that was formed on March 12, 2007.

We file annual, quarterly and current reports and other information with the SEC. These filings are available to the public over the internet at the SEC's website at www.sec.gov.

Our principal internet address is www.blackstone.com. We make available free of charge on or through www.blackstone.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The contents of our website are not, however, a part of this report.

ITEM 1A. RISK FACTORS

Risks Related to Our Business

Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our funds, making it more difficult to find opportunities for our funds to exit and realize value from existing investments and reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition.

Our business is materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside our control, including but not limited to changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity and the value of investments, and we may not be able to or may choose not to manage our exposure to these market conditions and/or other events. In the event of a market downturn each of our businesses could be affected in different ways.

Turmoil in the global financial markets can provoke significant volatility of equity and debt securities prices. This can have a material and rapid impact on our mark-to-market valuations, particularly with respect to our public holdings and credit investments. As publicly traded equity securities have in recent years represented a significant proportion of the assets of many of our carry funds, stock market volatility, including a sharp decline in the stock market, such as the one experienced in the fourth quarter of 2018, may adversely affect our results, including our revenues and net income. In addition, our public equity holdings are concentrated in fewer large positions than was historically the case, thereby making our unrealized mark-to-market valuations particularly sensitive to sharp changes in the price of any of these positions. While not a problem today, a lack of credit resulting from turmoil in the global financial markets in the future may materially hinder the initiation of new, large-sized transactions for our funds and adversely impact our operating results. Although overall financing costs still remain relatively low on a historical basis, there is continued concern that the monetary policy of central banks, including of the U.S. Federal

Reserve, solid (albeit slowing) economic growth and inflationary and other market factors may lead to rising interest rates and adversely impact the cost and availability of credit, as well as the value of our investments. In addition, economic growth in many international economies may in the future contribute to tighter credit conditions, a decreased availability of foreign capital and rising interest rates. A strong U.S. dollar, which could be associated with rising interest rates, could hurt U.S. exports and growth and have an adverse impact on economic growth in international economies. In addition, 2018 was a year of significant geopolitical concerns, including, among other things, uncertainty regarding re-opening of the U.S. government after a shutdown in late 2018 and early 2019, trade tensions, most notably between China and the U.S., resulting from the implementation of tariffs by the U.S. and retaliatory tariffs by other countries on the U.S., continued tensions with North Korea over its ballistic missile testing and nuclear programs, uncertainty regarding the United Kingdom's ("U.K.") ongoing negotiation of the circumstances surrounding its withdrawal from the European Union and uncertainty regarding U.S. recertification of the Iran nuclear framework.

Although interest rates have remained at relatively low levels on a historical basis, the U.S. Federal Reserve continued to raise rates throughout 2018. After indicating in 2018 that gradual further rate increases would be appropriate, the Federal Reserve signaled that it would be patient with respect to further rate increases. There can be no assurance, however, that the Federal Reserve will not continue to raise rates in 2019. A period of sharply rising interest rates could create downward pressure on the price of real estate and increase the cost of debt financing for the transactions we pursue, each of which may have an adverse impact on our business.

Many investments made by our funds are highly illiquid, and we may not be able to realize investments in a timely manner. Rising interest rates, coupled with periods of significant equity and credit market volatility, such as that which occurred in the fourth quarter of 2018, may potentially make it more difficult for us to find attractive opportunities for our funds to exit and realize value from their existing investments. Although the equity markets are not the only means by which we exit investments, should we experience another period of challenging equity markets, our funds may experience increased difficulty in realizing value from investments. Uncertainty surrounding potential changes to governmental policy may also have an impact on our exit opportunities through the private markets. For example, recently enacted bipartisan legislation may significantly increase the number of transactions that are subject to the jurisdiction of the Committee on Foreign Investment in the United States ("CFIUS"). Once the reform legislation is fully implemented through the rulemaking process, CFIUS will have the authority to review, and potentially recommend that the President block or impose conditions on non-controlling investments in critical infrastructure and critical technology companies and in companies collecting or storing sensitive data of U.S. citizens, which may reduce the number of potential buyers and limit the ability of our funds to realize value from certain existing and future investments. We are unable to predict whether and to what extent uncertainty surrounding economic and market conditions will be reduced, and even in the absence of uncertainty, adverse conditions and/or other events in particular sectors may cause our performance to suffer further.

In recent years we have experienced buoyant markets and positive economic conditions. Although such conditions have often made it more difficult and competitive to find suitable investments for our funds to effectively deploy capital, they have also in many cases contributed to positive operating performance at our funds' portfolio companies. As global markets enter a period of slower growth relative to recent years, such period of difficult market conditions or economic slowdown (which may be across one or more industries, sectors or geographies), may contribute to adverse operating performance, decreased revenues, credit rating downgrades, financial losses, difficulty in obtaining access to financing and increased funding costs for our funds' portfolio companies. In addition, as the governing agreements of our funds contain only limited investment restrictions and only limited requirements as to diversification of fund investments (by, for example, sector or geographic region), during periods of difficult market conditions or slowdowns in certain sectors or regions, the decreased revenues and other impacts may be exacerbated by concentration of investments in such sector or region. Negative financial results in our investment funds' portfolio companies may result in lower investment returns for our investment funds, which could materially and adversely affect our ability to raise new funds as well as our operating results and cash flow. To the extent the operating performance of those portfolio companies (as well as valuation multiples) do not improve or other portfolio companies experience adverse operating performance, our investment funds may sell those assets at

values that are less than we projected or even a loss, thereby significantly affecting those investment funds' performance and consequently our operating results and cash flow. The operating and financial performance of our portfolio companies would also likely be negatively impacted if pressure on wages and other inputs increasingly pressure profit margins.

In addition, during periods of weakness, our investment funds' portfolio companies may also have difficulty expanding their businesses and operations or meeting their debt service obligations or other expenses as they become due, including expenses payable to us. Furthermore, such negative market conditions could potentially result in a portfolio company entering bankruptcy proceedings, thereby potentially resulting in a complete loss of the fund's investment in such portfolio company and a significant negative impact to the investment fund's performance and consequently to our operating results and cash flow, as well as to our reputation. In addition, negative market conditions would also increase the risk of default with respect to investments held by our investment funds that have significant debt investments, such as our credit-focused funds. Estimates or projections of market conditions, commodity prices and supply and demand dynamics are key factors in evaluating potential investment opportunities and valuing the investments made by our funds. These estimates are subject to wide variances based on changes in market conditions, underlying assumptions, commodity prices and technical or investment-related assumptions.

In addition, the performance of the investments made by our credit and private equity funds in the energy and natural resources markets are also subject to a high degree of market risk given, among other matters, the volatility of commodity prices. See "— Investments by our funds in the power and energy industries involve various operational, construction, regulatory and market risks that may expose us to increased risks."

Our operating performance may also be adversely affected by our fixed costs and other expenses and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. In order to reduce expenses in the face of a difficult economic environment, we may need to cut back or eliminate the use of certain services or service providers, or terminate the employment of a significant number of our personnel that, in each case, could be important to our business and without which our operating results could be adversely affected.

Changes in the debt financing markets could negatively impact the ability of our funds and their portfolio companies to obtain attractive financing or refinancing for their investments and could increase the cost of such financing if it is obtained, which could lead to lower-yielding investments and potentially decrease our net income.

A significant contraction or weakening in the market for debt financing, such as the weakening that occurred in late 2018, or other adverse change relating to the terms of debt financing (such as, for example, higher rates, higher equity requirements, and/or more restrictive covenants), particularly in the area of acquisition financings for private equity and real estate transactions, could have a material adverse impact on our business. In addition, the financing of acquisitions or the operations of our funds' portfolio companies with debt may become less attractive due to limitations on the deductibility of corporate interest expense. See "— Comprehensive U.S. federal income tax reform became effective in 2018, which could adversely affect us." If our funds are unable to obtain committed debt financing for potential acquisitions, can only obtain debt financing at an increased interest rate or on unfavorable terms or the ability to deduct corporate interest expense is substantially limited, our funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in our revenues. Similarly, our funds' portfolio companies regularly utilize the corporate debt markets in order to obtain financing for their operations. To the extent regulatory and/or tax changes or difficult credit markets render such financing difficult to obtain, more expensive or otherwise less attractive, which was the case in late 2018, this may also negatively impact the financial results of those portfolio companies and, therefore, the investment returns on our funds. In addition, to the extent that market conditions and/or regulatory changes make it difficult or impossible to refinance debt that is maturing in the near term, some of our

funds' portfolio companies may be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

A decline in the pace or size of investment made by our funds may adversely affect our revenues.

The revenues that we earn are driven in part by the pace at which our funds make investments and the size of those investments, and a decline in the pace or the size of such investments may reduce our revenues. Many factors could cause such a decline in the pace of investment, including high prices, the inability of our investment professionals to identify attractive investment opportunities, competition for such opportunities among other potential acquirers, decreased availability of capital on attractive terms and our failure to consummate identified investment opportunities because of business, regulatory or legal complexities or uncertainty and adverse developments in the U.S. or global economy or financial markets. In addition, an increase in the pace at which our funds exit investments could reduce the fee revenue we earn if such exits are not offset by new commitments and investments.

Our revenue, earnings, net income and cash flow are all highly variable, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may cause the price of our common units to decline.

Our revenue, net income and cash flow are all highly variable. For example, our cash flow may fluctuate significantly due to the fact that we receive Performance Allocations from our carry funds only when investments are realized and achieve a certain preferred return. In addition, transaction fees received by our carry funds can vary significantly from quarter to quarter. We may also experience fluctuations in our results, including our revenue and net income, from quarter to quarter due to a number of other factors, including changes in the valuations of our funds' investments, changes in the amount of distributions, dividends or interest paid in respect of investments, changes in our operating expenses, the degree to which we encounter competition and general economic and market conditions. In particular, economic and market conditions may lead to volatility in the mark-to-market valuations of investments made by our funds, particularly in respect of our public investments. The valuations of investments made by our funds could also be subject to high volatility as a result of uncertainty regarding governmental policy with respect to, among other things, tax, financial services regulation, international trade, immigration, healthcare, labor, infrastructure and energy. Achieving steady growth in net income and cash flow on a quarterly basis may be difficult, which could in turn lead to large adverse movements or general increased volatility in the price of our common units.

The timing and receipt of Performance Allocations generated by our carry funds is uncertain and will contribute to the volatility of our results. Performance Allocations depend on our carry funds' performance and opportunities for realizing gains, which may be limited. It takes a substantial period of time to identify attractive investment opportunities, to raise all the funds needed to make an investment and then to realize the cash value (or other proceeds) of an investment through a sale, public offering, recapitalization or other exit. Even if an investment proves to be profitable, it may be a number of years before any profits can be realized in cash (or other proceeds). We cannot predict when, or if, any realization of investments will occur. In addition, upon the realization of a profitable investment by any of our carry funds and prior to us receiving any Performance Allocations in respect of that investment, 100% of the proceeds of that investment must generally be paid to the investors in that carry fund until they have recovered certain fees and expenses and achieved a certain return on all realized investments by that carry fund as well as a recovery of any unrealized losses. If we were to have a realization event in a particular quarter, it may have a significant impact on our results for that particular quarter which may not be replicated in subsequent quarters. We recognize revenue on investments in our investment funds based on our allocable share of realized and unrealized gains (or losses) reported by such investment funds, and a decline in realized or unrealized gains, or an increase in realized or unrealized losses, would adversely affect our revenue and possibly cash flow, which could further increase the volatility of our quarterly results. Because our carry funds have preferred return thresholds to investors that need to be met prior to Blackstone receiving any Performance Allocations, substantial declines in the carrying value of the investment portfolios of a carry fund can significantly delay or eliminate any Performance Allocations paid to us in respect of that fund since the value of the assets in the fund would need to

recover to their aggregate cost basis plus the preferred return over time before we would be entitled to receive any Performance Allocations from that fund.

The timing and receipt of Performance Allocations also varies with the life cycle of our carry funds. During periods in which a relatively large portion of our assets under management is attributable to carry funds and investments in their “harvesting” period, our carry funds would make larger distributions than in the fundraising or investment periods that precede harvesting. During periods in which a significant portion of our assets under management is attributable to carry funds that are not in their harvesting periods, we may receive substantially lower Performance Allocations.

With respect to most of our funds of hedge funds, our core+ real estate funds and our credit-focused and real estate debt funds structured like hedge funds, our incentive income is paid between semi-annually and every five years, and the varying frequency of these payments will contribute to the volatility of our cash flow. Furthermore, we earn this incentive income only if the net asset value of a fund has increased or, in the case of certain funds, increased beyond a particular return threshold. Certain of these funds also have “high water marks” whereby we do not earn incentive income during a particular period even though the fund had positive returns in such period as a result of losses in prior periods. If one of these funds experiences losses, we will not be able to earn incentive income from the fund until it surpasses the previous high water mark. The incentive income we earn is therefore dependent on the net asset value of the fund, which could lead to significant volatility in our results.

Because our revenue, net income and cash flow can be highly variable from quarter to quarter and year to year, we do not provide any guidance regarding our expected quarterly and annual operating results. The lack of guidance may affect the expectations of public market analysts and could cause increased volatility in our common unit price.

Adverse economic and market conditions may adversely affect the amount of cash generated by our businesses, and in turn, our ability to make distributions to our unitholders.

We use cash to (a) provide capital to facilitate the growth of our existing businesses, which principally includes funding our general partner and co-investment commitments to our funds, (b) provide capital for business expansion, (c) pay operating expenses and other obligations as they arise, including servicing our debt and (d) make distributions to our unitholders and the holders of Blackstone Holdings Partnership Units. Our principal sources of cash are: (a) cash we received in connection with our prior bond offerings, (b) Fee Related Earnings and (c) Net Realizations, which is the sum of Realized Principal Investment Income and Realized Performance Revenues less Realized Performance Compensation. We have also entered into a $1.6 billion revolving credit facility with a final maturity date of September 21, 2023. Our long-term debt totaled $3.5 billion in borrowings from our prior bond issuances and we had no borrowings outstanding against our $1.6 billion revolving credit facility as of December 31, 2018. At the end of 2018, we had $2.2 billion in cash and cash equivalents, $2.5 billion invested in our corporate treasury investments and $1.9 billion invested in Blackstone funds and other investments.

If the global economy and conditions in the financing markets worsen, our fund investment performance could suffer, resulting in, for example, the payment of less or no Performance Allocations to us. This could materially and adversely affect the amount of cash we have on hand, including for, among other purposes, the making of distributions to our unitholders. Having less cash on hand could in turn require us to rely on other sources of cash (such as the capital markets, which may not be available to us on acceptable terms) for the above purposes. Furthermore, during adverse economic and market conditions, we might not be able to renew all or part of our existing revolving credit facility or find alternate financing on commercially reasonable terms. As a result, our uses of cash may exceed our sources of cash, thereby potentially affecting our liquidity position.

We depend on our founder and other key senior managing directors and the loss of their services would have a material adverse effect on our business, results and financial condition.

We depend on the efforts, skill, reputations and business contacts of our founder, Stephen A. Schwarzman, and other key senior managing directors, the information and deal flow they generate during the normal course of their

activities and the synergies among the diverse fields of expertise and knowledge held by our professionals. Accordingly, our success will depend on the continued service of these individuals, who are not obligated to remain employed with us. Several key senior managing directors have left the firm in the past and others may do so in the future, and we cannot predict the impact that the departure of any key senior managing director will have on our ability to achieve our investment objectives. The loss of the services of any of them could have a material adverse effect on our revenues, net income and cash flows and could harm our ability to maintain or grow assets under management in existing funds or raise additional funds in the future. We have historically relied in part on the interests of these professionals in the investment funds' carried interest and incentive fees to discourage them from leaving the firm. However, to the extent our investment funds perform poorly, thereby reducing the potential for carried interest and incentive fees, their interests in carried interest and incentive fees become less valuable to them and become less effective as incentives for them to continue to be employed at Blackstone.

Our senior managing directors and other key personnel possess substantial experience and expertise and have strong business relationships with investors in our funds, clients and other members of the business community. As a result, the loss of these personnel could jeopardize our relationships with investors in our funds, our clients and members of the business community and result in the reduction of assets under management or fewer investment opportunities.

Our publicly traded structure may adversely affect our ability to retain and motivate our senior managing directors and other key personnel and to recruit, retain and motivate new senior managing directors and other key personnel, both of which could adversely affect our business, results and financial condition.

Our most important asset is our people, and our continued success is highly dependent upon the efforts of our senior managing directors and other professionals. Our future success and growth depends to a substantial degree on our ability to retain and motivate our senior managing directors and other key personnel and to strategically recruit, retain and motivate new talented personnel. Most of our current senior managing directors and other senior personnel have equity interests in our business that are primarily partnership units in Blackstone Holdings (as defined under "Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence — Blackstone Holdings Partnership Agreements") and which entitle such personnel to cash distributions. However, the value of such Blackstone Holdings Partnership Units and the distributions in respect of these equity interests may not be sufficient to retain and motivate our senior managing directors and other key personnel, nor may they be sufficiently attractive to strategically recruit, retain and motivate new talented personnel. Moreover, prior to our IPO, many of our senior managing directors and other senior personnel had interests in each of our underlying businesses which may have entitled them to a larger amount of cash distributions than they receive in respect of Blackstone Holdings Partnership Units.

Additionally, the retention of an increasingly larger portion of the Blackstone Holdings Partnership Units held by senior managing directors is not dependent upon their continued employment with us as those equity interests continue to vest as time passes. Moreover, the minimum retained ownership requirements and transfer restrictions to which these interests are subject in certain instances lapse over time, may not be enforceable in all cases and can be waived. There is no guarantee that the non-competition and non-solicitation agreements to which our senior managing directors are subject, together with our other arrangements with them, will prevent them from leaving us, joining our competitors or otherwise competing with us or that these agreements will be enforceable in all cases. In addition, these agreements will expire after a certain period of time, at which point each of our senior managing directors would be free to compete against us and solicit investors in our funds, clients and employees.

We might not be able to provide future senior managing directors with equity interests in our business to the same extent or with the same tax consequences from which our existing senior managing directors previously benefited. For example, the Tax Reform Bill (as defined below) now imposes a longer three-year holding period requirement for carried interest to be treated as long-term capital gain. This change to the treatment of carried interest under the Tax Reform Bill, along with other potential changes in applicable federal, state, local and other tax laws that may be enacted, may adversely affect our ability to recruit, retain and motivate our current and future

professionals. See "— Risks Related to United States Taxation — Our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis."

Alternatively, the value of the units we may issue senior managing directors at any given time may subsequently fall (as reflected in the market price of our common units), which could counteract the incentives we are seeking to induce in them. Therefore, in order to recruit and retain existing and future senior managing directors, we may need to increase the level of compensation that we pay to them. Accordingly, as we promote or hire new senior managing directors over time, we may increase the level of compensation we pay to our senior managing directors, which would cause our total employee compensation and benefits expense as a percentage of our total revenue to increase and adversely affect our profitability. In addition, issuance of equity interests in our business in the future to senior managing directors and other personnel would dilute public common unitholders.

We strive to maintain a work environment that reinforces our culture of collaboration, motivation and alignment of interests with investors. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain this culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations.

Our organizational documents do not limit our ability to enter into new lines of businesses, and we may expand into new investment strategies, geographic markets and businesses, each of which may result in additional risks and uncertainties in our businesses.

Our plan, to the extent that market conditions permit, is to continue to grow our investment businesses and expand into new investment strategies, geographic markets and businesses. Our organizational documents do not limit us to investment management businesses. Accordingly, we may pursue growth through acquisitions of other investment management companies, acquisitions of critical business partners, or other strategic initiatives. In addition, we expect opportunities will arise to acquire other alternative or traditional asset managers. To the extent we make strategic investments or acquisitions, undertake other strategic initiatives or enter into a new line of business, we will face numerous risks and uncertainties, including risks associated with (a) the required investment of capital and other resources, (b) the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, (c) the diversion of management's attention from our core businesses, (d) assumption of liabilities in any acquired business, (e) the disruption of our ongoing businesses, (f) the increasing demands on or issues related to the combining or integrating operational and management systems and controls, (g) compliance with additional regulatory requirements, and (h) the broadening of our geographic footprint, including the risks associated with conducting operations in non-U.S. jurisdictions. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. For example, we have increasingly undertaken business initiatives to offer registered investment products to retail investors. These activities have and will continue to impose additional compliance burdens on us and could also subject us to enhanced regulatory scrutiny and expose us to greater reputation and litigation risk. See "— We have increasingly undertaken business initiatives to increase the number and type of investment products we offer to retail investors, which could expose us to new and greater levels of risk." In addition, if a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected. Our strategic initiatives may include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control.

If we are unable to consummate or successfully integrate additional development opportunities, acquisitions or joint ventures, we may not be able to implement our growth strategy successfully.

Our growth strategy is based, in part, on the selective development or acquisition of asset management businesses or other businesses complementary to our business where we think we can add substantial value or generate substantial returns. The success of this strategy will depend on, among other things: (a) the availability of suitable opportunities, (b) the level of competition from other companies that may have greater financial resources, (c) our ability to value potential development or acquisition opportunities accurately and negotiate acceptable terms for those opportunities, (d) our ability to obtain requisite approvals and licenses from the relevant governmental authorities and to comply with applicable laws and regulations without incurring undue costs and delays and (e) our ability to identify and enter into mutually beneficial relationships with venture partners. Moreover, even if we are able to identify and successfully complete an acquisition, we may encounter unexpected difficulties or incur unexpected costs associated with integrating and overseeing the operations of the new businesses. If we are not successful in implementing our growth strategy, our business, financial results and the market price for our common units may be adversely affected.

The spin-off of our financial and strategic advisory services, restructuring and reorganization advisory services, and Park Hill fund placement businesses could result in substantial tax liability for us and/or our unitholders.

On October 1, 2015, we completed the previously announced spin-off of our financial and strategic advisory services, restructuring and reorganization advisory services, and Park Hill fund placement businesses and combined these businesses with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman, to form an independent publicly traded company. We may be responsible for U.S. federal income tax liabilities that relate to the spin-off if certain internal reorganization transactions in connection with the spin-off fail to qualify as tax-free, and our unitholders may also incur U.S. federal income tax liability in such circumstances.

In past years, there have been legislative proposals to tax certain publicly traded partnerships as corporations. If these proposals were enacted and applied to us, our effective tax rate could increase significantly.

Certain past legislative proposals would treat certain publically traded partnerships as corporations for federal income tax purposes. If similar legislation were enacted and applied to us, we would not qualify as a partnership for U.S. federal income tax purposes. If we were taxed as a corporation our effective tax rate could increase significantly.

Comprehensive U.S. federal income tax reform became effective in 2018, which could adversely affect us.

U.S. federal income tax reform legislation known as the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017 (the "Tax Reform Bill") has resulted in fundamental changes to the Internal Revenue Code. Changes to U.S. tax laws resulting from the Tax Reform Bill, including reduction to the federal corporate income tax rate, partial limitation on the deductibility of business interest expense, and a longer three-year holding period requirement for carried interest to be treated as long-term capital gain could have an adverse effect on our business operations and our funds' investment activities. These and other changes from the Tax Reform Bill — including limitations on the use, carryback and carryforward of net operating losses and changes relating to the scope and timing of U.S. taxation on earnings from international business operations — could also have an adverse effect on our portfolio companies. The exact impact of the Tax Reform Bill is difficult to quantify, but these changes could have an adverse effect on our business, results of operations and financial condition. In addition, other changes could be enacted in the future to increase the corporate tax rate, limit further the deductibility of interest, subject carried interest to more onerous taxation or effect other changes that could have a material adverse effect on our business, results of operations and financial condition.

Additional proposed changes in taxation of businesses could adversely affect us.

Congress, the Organization for Economic Co-operation and Development ("OECD") and other government agencies in jurisdictions in which we and our affiliates invest or do business have maintained a focus on issues related to the taxation of multinational companies. The OECD, which represents a coalition of member countries, is contemplating changes to numerous long-standing tax principles through its base erosion and profit shifting ("BEPS") project, which is focused on a number of issues, including the shifting of profits between affiliated entities in different tax jurisdictions, interest deductibility and eligibility for the benefits of double tax treaties. Several of the proposed measures are potentially relevant to some of our structures and could have an adverse tax impact on our funds, investors and/or our portfolio companies. Some member countries have been moving forward on the BEPS agenda but, because timing of implementation and the specific measures adopted will vary among participating states, significant uncertainty remains regarding the impact of BEPS proposals. If implemented, these proposals could result in a loss of tax treaty benefits and increased taxes on income from our investments.

A number of European jurisdictions have enacted taxes on financial transactions, and the European Commission has proposed legislation to harmonize these taxes under the so-called "enhanced cooperation procedure," which provides for adoption of EU-level legislation applicable to some but not all EU Member States. These contemplated changes, if adopted by individual countries, could increase tax uncertainty and/or costs faced by us, our funds' portfolio companies and our investors, change our business model and cause other adverse consequences. The timing or impact of these proposals is unclear at this point. In addition, tax laws, regulations and interpretations are subject to continual changes, which could adversely affect our structures or returns to our investors. For instance, various countries have adopted or proposed tax legislation that may adversely affect portfolio companies and investment structures in countries in which our funds have invested and may limit the benefits of additional investments in those countries.

States and local jurisdictions have enacted and are considering changes to the income tax treatment of carried interest and partnerships generally that could cause us to incur a material increase in our tax liability and/or cause carried interest or other income allocable to holders of our common units to be subject to state or local income tax at higher rates than under current law.

States and other jurisdictions have enacted and are considering legislation to increase taxes with respect to carried interest. For example, New Jersey recently enacted legislation which eliminates an exclusion from New Jersey source income (for non-residents) for carried interest and income from providing investment management services, which is not expected to materially affect our common unitholders, and authorizes a contingent 17% surtax on such management income for gross income tax and corporate income tax purposes. These carried interest provisions remain non-operative as they are dependent upon Connecticut, New York and Massachusetts enacting legislation with identical provisions. In addition, New York recently introduced legislation which would tax income from certain investment management services provided by a partner (whether or not a New York resident), which could cause a non-resident of New York who holds our common units to be subject to New York state income tax on carried interest earned by entities in which we hold an indirect interest, thereby requiring the non-resident to file a New York state income tax return reporting such carried interest income. As part of that legislation, New York also proposed a state tax surcharge of 19% on carried interest in addition to the personal income tax. Similar to the New Jersey legislation, the New York legislation would not take effect until similar legislation is enacted by Connecticut, New Jersey and Massachusetts. Similar proposals are under consideration in other jurisdictions such as California. Whether or when similar legislation will be enacted is unclear.

Finally, several state and local jurisdictions are evaluating ways to subject partnerships to entity level taxation through the imposition of state or local income, franchise or other forms of taxation or to increase the amount of such taxation. For example, although it would not affect us materially, Connecticut recently enacted an income tax on pass through entities doing business in Connecticut, and states in which we do business may consider similar tax changes. These and other proposals have recently been under heightened consideration in light of the Tax Reform Bill. If any state were to impose a tax upon us as an entity, our distribution to common unitholders would be reduced.

The U.K.'s withdrawal from the European Union may negatively impact the value of certain of our assets.

In March 2017 the U.K. initiated a two-year negotiation period preceding its withdrawal from the European Union ("Brexit"). There is ongoing uncertainty as to the timing, including with respect to any transition period, and the terms of Brexit. The uncertainty surrounding Brexit has contributed to increased political and economic volatility in the global financial markets. Although the long-term impact on economic conditions is uncertain, Brexit may have an adverse effect on the rate of economic growth in the U.K. and Europe, which may negatively impact asset values in those regions. For example, as a result of Brexit, the U.K. may lose access to global trade deals negotiated by the European Union on behalf of its members, which could impact the attractiveness of the U.K. as a global business and financial center and thereby impact the rate of economic growth in the U.K.

In addition, since the result of the Brexit referendum in mid-2016, the British pound has experienced periods of weakness, and there can be no assurance that such weakness will not be exacerbated upon Brexit's effectiveness, particularly in the event of no transition period. Continued weakness or a further decline in the value of the British pound may negatively impact the mark-to-market valuations of our British pound-denominated investments. Weakness in the British pound may also contribute to volatility in other currencies, including the euro, which may negatively impact the mark-to-market valuations of our euro denominated investments. Weakness or significant fluctuation in currency exchange rates may also adversely impact our financial results as a result of the conversion of investment principal and income from one currency into another.

Operational risks, including cybersecurity risks, may disrupt our businesses, result in losses or limit our growth.

We rely heavily on our financial, accounting, communications and other data processing systems. Our systems may fail to operate properly or become disabled as a result of tampering or a breach of our network security systems or otherwise. In addition, our systems face ongoing cybersecurity threats and attacks. Attacks on our systems could involve, and in some instances have in the past involved, attempts intended to obtain unauthorized access to our proprietary information, destroy data or disable, degrade or sabotage our systems, including through the introduction of computer viruses, "phishing" attempts and other forms of social engineering. Cyberattacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside parties. There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because, as an alternative asset management firm, we hold a significant amount of confidential and sensitive information about our investors, our portfolio companies and potential investments. As a result, we may face a heightened risk of a security breach or disruption with respect to this information. If successful, these types of attacks on our network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in our business and damage to our reputation. There can be no assurance that measures we take to ensure the integrity of our systems will provide protection, especially because cyberattack techniques used change frequently or are not recognized until successful. If our systems are compromised, do not operate properly or are disabled, or we fail to provide the appropriate regulatory or other notifications in a timely manner, we could suffer financial loss, a disruption of our businesses, liability to our investment funds and fund investors, regulatory intervention or reputational damage.

In addition, we operate in businesses that are highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. In addition, cybersecurity has become a top priority for regulators around the world. Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the General Data Protection Regulation in the European Union that went into effect in May 2018. Some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Breaches in security could potentially jeopardize our, our employees' or our fund investors' or counterparties' confidential and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, our

employees', our fund investors', our counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of our business, liability to our fund investors and other counterparties, regulatory intervention or reputational damage. Furthermore, if we fail to comply with the relevant laws and regulations, it could result in regulatory investigations and penalties, which could lead to negative publicity and may cause our fund investors and clients to lose confidence in the effectiveness of our security measures.

We depend on our headquarters in New York City, where many of our personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our businesses, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. Our disaster recovery and business continuity programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on us. In addition we rely on third party service providers for certain aspects of our business, including for certain information systems and technology and administration of our hedge funds. Any interruption or deterioration in the performance of these third parties or failures or compromises of their information systems and technology could impair the quality of the funds' operations and could affect our reputation and hence adversely affect our businesses.

Finally, our portfolio companies also rely on data processing systems and the secure processing, storage and transmission of information, including payment and health information. A disruption or compromise of these systems could have a material adverse effect on the value of these businesses. Our funds may invest in strategic assets having a national or regional profile or in infrastructure, the nature of which could expose them to a greater risk of being subject to a terrorist attack or security breach than other assets or businesses. Such an event may have material adverse consequences on our investment or assets of the same type or may require portfolio companies to increase preventative security measures or expand insurance coverage.

Extensive regulation of our businesses affects our activities and creates the potential for significant liabilities and penalties. The possibility of increased regulatory focus could result in additional burdens on our business.

Our business is subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations in the jurisdictions in which we operate around the world. These authorities have regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are also empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or expulsion of a broker-dealer or investment adviser from registration or memberships or the commencement of a civil or criminal lawsuit against us or our personnel. Moreover, the financial services industry in recent years has been the subject of heightened scrutiny, and the SEC has specifically focused on private equity. In that connection, in recent years the SEC's stated examination priorities have included, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and policies and procedures with respect to conflicts of interest. We regularly are subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which we routinely cooperate, and which have included review of historical practices that were previously examined. SEC actions and initiatives can have an adverse effect on our financial results, including as a result of the imposition of a sanction, a limitation on our or our personnel's activities, or changing our historic practices. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity

relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing clients or fail to gain new clients.

We rely on complex exemptions from statutes in conducting our asset management activities.

We regularly rely on exemptions from various requirements of the U.S. Securities Act of 1933, as amended, or "Securities Act," the Exchange Act, the 1940 Act, the Commodity Exchange Act and the U.S. Employee Retirement Income Security Act of 1974, as amended, in conducting our asset management activities. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to regulatory action or third party claims and our business could be materially and adversely affected. For example, the "bad actor" disqualification provisions of Rule 506 of Regulation D under the Securities Act ban an issuer from offering or selling securities pursuant to the safe harbor rule in Rule 506 if the issuer or any other "covered person" is the subject of a criminal, regulatory or court order or other "disqualifying event" under the rule which has not been waived. The definition of "covered person" includes an issuer's directors, general partners, managing members and executive officers; affiliates who are also issuing securities in the offering; beneficial owners of 20% or more of the issuer's outstanding equity securities; and promoters and persons compensated for soliciting investors in the offering. Accordingly, our ability to rely on Rule 506 to offer or sell securities would be impaired if we or any "covered person" is the subject of a disqualifying event under the rule and we are unable to obtain a waiver. The requirements imposed by our regulators are designed primarily to ensure the integrity of the financial markets and to protect investors in our investment funds and are not designed to protect our common unitholders. Consequently, these regulations often serve to limit our activities and impose burdensome compliance requirements.

We and our affiliates from time to time are required to report specified dealings or transactions involving Iran or other sanctioned individuals or entities.

The Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA") expands the scope of U.S. sanctions against Iran. Additionally, Section 219 of the ITRA amended the Exchange Act to require companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain OFAC sanctions engaged in by the reporting company or any of its affiliates during the period covered by the relevant periodic report. In some cases, ITRA requires companies to disclose these types of transactions even if they were permissible under U.S. law. Companies that currently may be or may have been at the time considered our affiliates have from time to time publicly filed and/or provided to us the disclosures reproduced on Exhibit 99.1 of our Quarterly Reports. We do not independently verify or participate in the preparation of these disclosures. We are required to separately file with the SEC a notice when such activities have been disclosed in this report, and the SEC is required to post such notice of disclosure on its website and send the report to the President and certain U.S. Congressional committees. The President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation, determine whether sanctions should be imposed. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business, and any failure to disclose any such activities as required could additionally result in fines or penalties.

Financial regulatory changes in the United States could adversely affect our business.

The financial services industry is, and continues to be, the subject of heightened regulatory scrutiny in the United States. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), enacted in July 2010, imposed significant changes on almost every aspect of the U.S. financial services industry, including aspects of our business. Some aspects of the Dodd-Frank Act have not been fully implemented and it is uncertain how certain requirements under the Dodd-Frank Act will be impacted in the near future. The Trump administration has indicated a desire to repeal, revise or replace aspects of the Dodd-Frank Act, but the timing and details on specific proposals are uncertain.

Among other things, the Dodd-Frank Act amended the Exchange Act to direct the Federal Reserve and other federal regulatory agencies to adopt rules requiring sponsors of asset-backed securities to retain at least 5% of the credit risk relating to the assets that underlie such asset-backed securities. In October 2014, five federal banking and housing agencies and the SEC issued the final credit risk retention rules (the “U.S. Risk Retention Rules”). With respect to the regulation of CLOs, the U.S. Risk Retention Rules generally require that the “sponsor” (which, in most cases, will be us) or a “majority-owned affiliate” thereof (in each case as defined in the U.S. Risk Retention Rules) retain an “eligible vertical interest” or an “eligible horizontal residual interest” (in each case as defined therein) or any combination thereof in the CLO in the manner required by the U.S. Risk Retention Rules.

On April 5, 2018, the United States District Court for the District of Columbia entered an order implementing a prior ruling of the United States Court of Appeals for the District of Columbia and thereby vacating the U.S. risk retention rules insofar as they apply to CLO managers of “open market CLOs” (described in the ruling as CLOs where assets are acquired from “arms-length negotiations and trading on an open market”). In addition, the SEC and Federal Reserve did not request that the case be heard by the United States Supreme Court. As a result, CLO managers of “open market CLOs” will no longer be required to comply with the U.S. Risk Retention Rules, and no party to such “open market CLOs” will be required to acquire and retain an economic interest in the credit risk of the securitized assets. However, the ruling also does not impact the risk retention rules imposed by authorities outside the United States. We are in the process of evaluating this decision and its ultimate impact on our business.

There has been increasing commentary amongst regulators and intergovernmental institutions, including the Financial Stability Board (“FSB”) and International Monetary Fund, on the topic of so-called “shadow banking,” a term generally taken to refer to credit intermediation involving entities and activities outside the regulated banking system. Although private equity firms have generally not been the recent focus of this commentary, if regulators were to extend regulatory and supervisory requirements currently applicable to banks to certain sectors or funds of our business or if we are considered to be engaged in “shadow banking,” the regulatory and operating costs associated therewith could adversely impact our business. In the United States, the Financial Stability Oversight Council (the “FSOC”) has the authority under the Dodd-Frank Act to review the activities of non-bank financial companies predominantly engaged in financial activities and designate those companies determined to be “systemically important” for supervision by the Federal Reserve. To date, FSOC has not designated any asset management firms or funds, including Blackstone, as a systemically important financial institution. While we believe it to be unlikely that we would be designated as systemically important, if such designation were to occur, we would be subject to significantly increased levels of regulation, which includes, without limitation, a requirement to adopt heightened standards relating to capital, leverage, liquidity, risk management, credit exposure reporting and concentration limits, restrictions on acquisitions and being subject to annual stress tests by the Federal Reserve.

Rule 206(4)-5 under the Advisers Act regarding “pay to play” practices by investment advisers involving campaign contributions and other payments to government clients and elected officials able to exert influence on such clients prohibits investment advisers from providing advisory services for compensation to a government client for two years, subject to very limited exceptions, after the investment adviser, its senior executives or its personnel involved in soliciting investments from government entities make contributions to certain candidates and officials in position to influence the hiring of an investment adviser by such government client. Advisers are required to implement compliance policies designed, among other matters, to track contributions by certain of the adviser’s employees and engagements of third parties that solicit government entities and to keep certain records in order to enable the SEC to determine compliance with the rule. Any failure on our part to comply with the rule could expose us to significant penalties and reputational damage. In addition, there have been similar rules on a state level regarding “pay to play” practices by investment advisers.

In April 2016, the U.S. Department of Labor issued a final rule (the “DOL Fiduciary Rule”) to expand the definition of “investment advice fiduciary” under ERISA and thereby the circumstances in which certain investment advisers and other intermediaries are treated as fiduciaries to ERISA plans and individual retirement accounts. On March 15, 2018, the U.S. Court of Appeals for the Fifth Circuit vacated the DOL Fiduciary Rule and accompanying exemptions in their entirety. On June 21, 2018, the Fifth Circuit issued the mandate that makes effective its decision

to vacate the DOL Fiduciary Rule. Whether the DOL Fiduciary Rule will resurface in its original form and/or some variation is impossible to determine. In addition, several states have taken actions to potentially institute a rule similar to the DOL Fiduciary Rule. While these rules are not finalized, any such rule could have an adverse effect on the distribution of our products to certain investors.

On April 18, 2018, the SEC released for public comment a package of proposed actions on the standards of conduct and required disclosures for broker-dealers and investment advisers. These proposed actions would apply more broadly than, and in certain relevant respects would operate similarly to, the DOL Fiduciary Rule. One of the proposals, entitled "Regulation Best Interest," would require broker-dealers to act in the "best interest" of retail customers at the time a recommendation is made without placing the financial or other interests of the broker-dealer ahead of the interests of the retail customer. Additionally, the SEC proposed a new requirement for both broker-dealers and investment advisers to provide a brief relationship summary to retail investors with information intended to clarify the relationship between the parties. Finally, the SEC issued a proposed interpretation regarding the fiduciary duty that investment advisers owe their clients. The SEC has received thousands of comments from disparate stakeholders regarding these proposed actions. Whether the proposed actions will be adopted, and whether any final rule will remain in its current form, is impossible to determine. The final rules, if they become fully applicable in their current form, could have an adverse effect on the distribution of our products to certain investors.

Any changes in the regulatory framework applicable to our business, including the changes described above, may impose additional compliance and other costs, increase regulatory investigations of the investment activities of our funds, require the attention of our senior management, affect the manner in which we conduct our business and adversely affect our profitability. The full extent of the impact on us of the Dodd-Frank Act or any other new laws, regulations or initiatives that may be proposed, including by the Trump administration, which has expressed support for, and proposed, potential modifications to the Dodd-Frank Act and other deregulatory measures, is impossible to determine.

Financial deregulation measures proposed and recently enacted by the Trump administration and members of the U.S. Congress may create regulatory uncertainty for the financial sector, increase competition in certain of our investment strategies and adversely affect our business, financial condition and results of operations.

The Trump administration's legislative agenda may include certain deregulatory measures for the U.S. financial services industry, including changes to the Volcker Rule, the U.S. Risk Retention Rules, capital and liquidity requirements, FSOC's authority and other aspects of the Dodd-Frank Act. On February 3, 2017, President Trump signed an executive order calling for the administration to review U.S. financial laws and regulations in order to determine their consistency with a set of core principles identified in the order. In response to this executive order, the U.S. Department of Treasury released four reports that identify laws and regulations that are inconsistent with the core principles set forth in the executive order and proposed recommendations for reform in the regulation of banks and credit unions, capital markets, asset management and insurance companies, and nonbank financials and financial technology companies. On May 24, 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the "Reform Act") was signed into law. Among other financial regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by modifying the Volcker Rule to exempt certain insured depository institutions. The Reform Act and various other proposals focused on deregulation of the U.S. financial services industry may have the effect of increasing competition for our businesses. For example, increased competition from banks and other financial institutions in the credit markets could have the effect of reducing credit spreads, which may adversely affect the revenues of our credit and other businesses whose strategies include the provision of credit to borrowers.

Whether any particular other legislative or regulatory proposals will be enacted or adopted remains unclear. In addition, it is not possible to determine the full extent of any impact on us or any of the portfolio companies of our funds of any such potential financial reform legislation, or whether any such proposal will become law. Any changes in the regulatory framework applicable to our business or the businesses of the portfolio companies of our funds, including the changes described above, may impose additional costs, require the attention of our senior management or result in limitations on the manner in which business is conducted, or may ultimately have an adverse impact on the competitiveness of certain non-bank financial service providers vis-à-vis traditional banking organizations.

The potential for further governmental policy changes and regulatory reform by the Trump administration and the U.S. Congress may create regulatory uncertainty for our funds' portfolio companies and our investment strategies and adversely affect the profitability of our funds' portfolio companies.

Governmental policy changes and regulatory reform could have a material impact on the investment strategies of our funds. A prolonged environment of regulatory uncertainty may make the identification of attractive investment opportunities and the deployment of capital more challenging. In addition, our ability to identify business and other risks associated with new investments depends in part on our ability to anticipate and accurately assess regulatory and other changes that may have a material impact on the businesses in which we choose to invest. The failure to accurately predict the possible outcome of policy changes and regulatory reform could have a material adverse effect on the returns generated from our funds' investments and our revenues.

In March 2018, the U.S. imposed an additional 25% tariff under Section 232 of the Trade Expansion Act of 1962, as amended, on steel products, including stainless steel, imported into the U.S. These new tariffs have resulted in, and may continue to trigger, retaliatory actions by affected countries, including the imposition of tariffs on the U.S. by other countries. Certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods. Others are considering the imposition of sanctions that will deny U.S. companies access to critical raw materials. Further governmental actions related to the imposition of tariffs or other trade barriers or changes to international trade agreements or policies, could further increase costs, decrease margins, reduce the competitiveness of products and services offered by current and future portfolio companies and adversely affect the revenues and profitability of companies whose businesses rely on goods imported from outside of the U.S.

In addition, trade tensions between the U.S. and China continued to escalate in 2018 and early 2019. Further escalation of the "trade war" between the U.S. and China, or the countries' inability to reach a timely trade agreement, may negatively impact the rate of global growth, particularly in China, which has and continues to exhibit signs of slowing growth. Such slowing growth could adversely affect the revenues and profitability of our funds' portfolio companies.

President Trump has also advocated for greater restrictions on international trade generally and has expressed antipathy toward certain international trade agreements and organizations, including the North American Free Trade Agreement and the World Trade Organization (the "WTO"). If the U.S. were to withdraw from or materially modify international trade agreements to which it is a party, or if the U.S. were to withdraw from trade organizations such as the WTO, certain foreign-sourced goods that are sold or purchased by our portfolio companies may no longer be available at commercially attractive prices or at all, which in turn could adversely affect the revenues and profitability of such companies.

Further, the Trump administration has outlined governmental policy changes and/or regulatory reform in multiple other areas, including tax, immigration, healthcare, labor, infrastructure and energy. While there is currently a substantial lack of clarity around the likelihood, timing and details of many such potential changes, such changes may adversely affect the companies in which we have invested or choose to invest in the future in a number of ways, including, without limitation:

- Immigration reform has been a continued area of focus for the Trump administration. Although the details and timing of potential changes to immigration law are difficult to predict, restrictions on the ability of individuals from certain countries to obtain non-immigrant visas or limitations on the number of individuals eligible for U.S. work visas may make it more difficult for current and future portfolio companies to recruit and retain skilled foreign workers and may increase labor and compliance costs.
- Effective for months beginning after December 31, 2018, the Tax Reform Bill provides for the repeal of the provision of the Patient Protection and Affordable Care Act ("ACA"), which requires certain individuals without minimum health coverage to pay a penalty. This repeal and other measures being pursued by the Trump administration could result in an increase in the size of the uninsured population or a reduction in funds presently available to patients as a result of the repeal of this provision or the

potential repeal of other significant portions of the ACA could adversely affect multiple businesses in the healthcare industry, including pharmaceutical companies that benefit from purchases by individuals covered by government-subsidized insurance, hospitals that may be required to increase write-offs for bad debt resulting from the inability of insured patients to pay for care and insurance companies that have developed effective plans for participating in healthcare exchanges. Further, one court has ruled that the ACA is unconstitutional, but stayed that decision pending resolution of an appeal. If that decision is not reversed on appeal, that could exacerbate the types of adverse developments that are described above.

Although there is a substantial lack of clarity regarding the likelihood, timing and details of any such potential changes, such changes may impose additional costs on the companies in which we have invested or choose to invest in the future, require the attention of senior management or result in limitations on the manner in which the companies in which we have invested or choose to invest in the future conduct business.

Changes in U.S. and foreign tax law could adversely affect our ability to raise funds from certain foreign investors or increase our compliance or withholding tax costs.

Under the U.S. Foreign Account Tax Compliance Act (“FATCA”), all entities in a broadly defined class of foreign financial institutions (“FFIs”) are required to comply with a complicated and expansive reporting regime or be subject to a 30% United States withholding tax on certain U.S. payments, and non-U.S. entities which are not FFIs are required to either certify they have no substantial U.S. beneficial ownership or to report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments. The reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS. In addition, the administrative and economic costs of compliance with FATCA may discourage some foreign investors from investing in U.S. funds, which could adversely affect our ability to raise funds from these investors. Other countries such as Luxembourg, the U.K. and the Cayman Islands have implemented regimes similar to that of FATCA. For example, under an initiative known as Global FATCA, more than 100 OECD member countries have committed to automatic exchange of information relating to accounts held by tax residents of signatory countries, using a Common Reporting Standard (“CRS”). Compliance with such regimes could result in increased administrative and compliance costs and could subject our investment entities to increased withholding taxes.

Recent regulatory changes in jurisdictions outside the United States could adversely affect our business.

Similar to the environment in the United States, the current environment in jurisdictions outside the United States in which we operate, in particular Europe, has become subject to further regulation. Governmental regulators and other authorities in Europe have proposed or implemented a number of initiatives and additional rules and regulations that could adversely affect our business. Increasingly, the rules and regulations in the financial sector in Europe are becoming more prescriptive.

The AIFMD, as transposed into national law within the member states of the European Economic Area (“EEA”), was implemented in 2013 and established a new regulatory regime for alternative investment fund managers, including private equity and hedge fund managers. The AIFMD regulates managers established in or with a registered office in the EEA managing one or more alternative investments funds, but it also regulates non EEA-based managers, such as our affiliates, when they seek to market alternative investment funds in the EEA. We have had to comply with these and other requirements of the AIFMD in order to market our investment funds to professional investors in the EEA, including compliance with prescribed pre-investment disclosures, prescribed annual report disclosures, periodic reporting to regulators in respect of each fund marketed, and asset-stripping restrictions in relation to the acquisition of non-listed companies or issuers established in the EEA (these restrictions prohibit certain distributions to shareholders for 24 months following closing of an acquisition).

Our AIFM in Luxembourg and the European fund structures in respect of which it is the appointed investment manager, are subject to the full requirements of the AIFMD, such as rules relating to, among other things,

depositary oversight, remuneration, minimum regulatory capital requirements, restrictions on the use of leverage, requirements in relation to liquidity, risk management and valuation of assets. The establishment of a platform in the EEA has increased the ongoing cost of administration and compliance with the AIFMD, including costs and expenses of collecting and collating data of the EEA funds and the preparation of regular reports to be filed with the regulator. The advantages of this structure potentially come at a cost of greater overall complexity, higher compliance and administration costs and less overall flexibility.

The EU Securitization Regulation (the “Securitization Regulation”), which became effective on January 1, 2019, repealed and replaced the securitization provisions in a range of sector-specific European Union legislation, including the AIFMD. The Securitization Regulation imposes due diligence and risk retention requirements on “institutional investors,” which includes managers of alternative investment funds assets, and constrains the ability of alternative investment funds to invest in securitization positions that do not comply with the prescribed risk retention requirements. Unlike the predecessor provisions, these requirements may apply not only to AIFs managed by EU AIFMs but may also apply to AIFs managed by non-EU AIFMs where those AIFs have been registered for marketing in the EU under Article 42 of the AIFMD. Consequently, the requirements apply to any Blackstone managed investment funds that have been registered for marketing in the EU. Given the expanded breadth of the revised regulation, this may impact or limit our funds’ ability to make certain investments that constitute “securitizations” under the Securitization Regulation and may impose additional reporting obligations on securitizations, which may increase the costs of managing such vehicles. In addition, the existence of the requirement to “retain risk” limits the ability of the investment manager to market portions of the securitization to investors, which may result in less fee revenues to us.

The EU Markets in Financial Instruments Directive II, as transposed into national law within the member states of the EU and the EU Markets in Financial Instruments Regulation (collectively, “MiFID II”), came into force on January 3, 2018 and overhauled and expanded the existing body of EU law regulating investment firms, which had been in effect since 2007. MiFID II requires, among other things, all MiFID investment firms, including private equity and hedge fund managers, to comply with more prescriptive disclosure, transparency, reporting and recordkeeping obligations and enhanced obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate investment firms which are subject to MiFID, we have implemented revised policies and procedures to comply with MiFID II where relevant, including where certain rules have an extraterritorial impact on the firm. Compliance with MiFID II has resulted in greater overall complexity, higher compliance and administration and operational costs and less overall flexibility.

The EU General Data Protection Regulation (“GDPR”) replaced the existing data protection directive and, as a regulation, has direct effect in all EU member states from May 25, 2018. Although a number of the existing principles for the protection of personal data remain, the GDPR is designed to harmonize data privacy laws across Europe and reshape the way organizations approach data privacy. The GDPR introduced new obligations and expanded the territorial reach of EU data protection legislation. It applies to all organizations processing or holding personal data of EU ‘data subjects’ (regardless of the organization’s location) as well as to organizations outside the EU that offer goods or services in the EU, or that monitor the behavior of EU data subjects. Personal data is information that can be used to identify a natural person, including a name, a photo, an email address, or a computer IP address. Compliance with the GDPR requires companies to analyze and evaluate how they handle data in the ordinary course of their business, from processes to technology. It imposes a prescriptive approach to compliance requiring organizations to demonstrate and record compliance and to provide much more detailed information to data subjects regarding processing. EU data subjects are given full disclosure about how their personal data will be used and stored. Companies must be in a position to delete information from their global systems permanently if consent, where required, is withdrawn. As with any other organization that holds personal data of EU data subjects, we are required to comply with the GDPR because, among other things, we process European individuals’ personal data in the U.S. via our global technology systems. Financial regulators and data protection authorities throughout the EU have significantly increased audit and investigatory powers under GDPR to probe how personal data is being used and processed. Penalties for non-compliance are material. Serious breaches of GDPR include antitrust-like

fines on companies of up to the greater of €20 million or 4% of global group turnover in the preceding year, regulatory action and reputational risk.

Following the financial crisis the FSB has taken on an increasingly important role in promoting the reform of international financial regulation through coordinating national financial authorities and international standard-setting bodies in their development of regulatory, supervisory and financial sector policies. One of the risks identified by the FSB to the stability of the financial system is credit intermediation (involving maturity and liquidity transformation) and/or a build-up of leverage by non-bank entities — so-called “shadow banking.”

The European Banking Authority (“EBA”) has issued guidelines which set appropriate aggregate limits to shadow banking entities when carrying out banking activities. While most alternative investment funds are excluded from the definition of “shadow banking entity,” funds that use leverage on a substantial basis at fund level or have certain third party lending exposures are within the definition. When dealing with shadow banking entities, the EEA financial institution would be required to implement additional effective processes (including with respect to due diligence) and set internal aggregate and individual limits to such exposures where they exceed 0.25% of the institution’s eligible capital. While the guidelines do not themselves introduce a quantitative limit to institutions’ exposures to shadow banking entities at the individual or aggregate exposure level, they place the responsibility on the banking sector to demonstrate that risks are managed effectively. Affected institutions are required to set internal aggregate and individual limits to exposures to individual shadow banking entities which could limit or restrict the availability of credit and/or increase the cost of credit from these institutions for impacted funds.

Germany has legislation to prohibit banks above a certain threshold from conducting credit and guarantee business with: (i) German hedge funds or German funds of hedge funds or (ii) non-German funds which use leverage on a substantial basis within the meaning of the AIFMD. In Germany, certain banks are therefore forbidden from providing loans and/or guarantees to an AIF using leverage on a substantial basis, thereby potentially limiting or restricting the availability of credit and/or increasing the cost of credit for affected funds.

Our investment businesses are subject to the risk that similar measures might be introduced in other countries in which our funds currently have investments or plan to invest in the future, or that other legislative or regulatory measures that negatively affect their respective portfolio investments might be promulgated in any of the countries in which they invest. Blackstone’s non-U.S. advisory entities are, to the extent required, registered with the relevant regulatory authority of the jurisdiction in which the advisory entity is domiciled. In addition, we voluntarily participate in several transparency initiatives, including those organized by the American Investment Council, the British Private Equity and Venture Capital Association and others calling for the reporting of information concerning companies in which certain of our funds have investments. The reporting related to such initiatives may divert the attention of our personnel and the management teams of our funds’ portfolio companies. Moreover, sensitive business information relating to us or our funds’ portfolio companies could be publicly released.

Our use of leverage to finance our business will expose us to substantial risks, which are exacerbated by our funds’ use of leverage to finance investments.

We intend to use borrowings to finance our business operations as a public company. See “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Sources and Uses of Liquidity” for further information regarding our outstanding borrowings. Borrowing to finance our businesses exposes us to the typical risks associated with the use of leverage, including those discussed below under “— Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments.” In order for us to utilize leverage to finance our business, we are dependent on financial institutions such as global banks extending credit to us on terms that are reasonable to us. There is no guarantee that such institutions will continue to extend credit to us or renew any existing credit agreements we may have with them, or that we will be able to refinance outstanding notes when they mature. We have a credit facility which provides for revolving credit borrowings that has a final maturity date of September 21, 2023. As borrowings under the facility or any other indebtedness mature, we may be required to

either refinance them by entering into a new facility, which could result in higher borrowing costs, or by issuing equity, which would dilute existing unitholders. We could also repay them by using cash on hand, cash provided by our continuing operations or cash from the sale of our assets, which could reduce distributions to our unitholders. We could have difficulty entering into new facilities or issuing equity in the future on attractive terms, or at all. These risks are exacerbated by our funds' use of leverage to finance investments.

We are subject to substantial litigation risks and may face significant liabilities and damage to our professional reputation as a result of litigation allegations and negative publicity.

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against the financial services industry in general have been increasing. The investment decisions we make in our asset management business and the activities of our investment professionals on behalf of portfolio companies of our carry funds may subject the companies, funds and us to the risk of third party litigation arising from investor dissatisfaction with the performance of those investment funds, alleged conflicts of interest, the activities of our funds' portfolio companies and a variety of other litigation claims. From time to time we, our funds and our funds' portfolio companies have been and may be subject to class action suits by shareholders in public companies that we have agreed to acquire that challenge our acquisition transactions and/or attempt to enjoin them. Please see "Item 3. Legal Proceedings" for a discussion of a certain proceeding to which we are currently a party.

In addition, to the extent investors in our investment funds suffer losses resulting from fraud, gross negligence, willful misconduct or other similar misconduct, investors may have remedies against us, our investment funds, our senior managing directors or our affiliates under the federal securities law and/or state law. While the general partners and investment advisers to our investment funds, including their directors, officers, other employees and affiliates, are generally indemnified to the fullest extent permitted by law with respect to their conduct in connection with the management of the business and affairs of our investment funds, such indemnity does not extend to actions determined to have involved fraud, gross negligence, willful misconduct or other similar misconduct.

The activities of our capital markets services business may also subject us to the risk of liabilities to our clients and third parties, including our clients' stockholders, under securities or other laws in connection with transactions in which we participate.

If any private lawsuits or regulatory actions were brought against us and resulted in a finding of substantial legal liability, it could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us, which could seriously harm our business. We depend to a large extent on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain investors and to pursue investment opportunities for our carry funds. As a result, allegations of improper conduct by private litigants, regulators, or employees, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, our investment activities, our new lines of business or distribution channels, our workplace environment, or the private equity industry in general, whether or not valid, may harm our reputation, which may be more damaging to our business than to other types of businesses.

Employee misconduct could harm us by impairing our ability to attract and retain clients and subjecting us to significant legal liability and reputational harm. Fraud and other deceptive practices or other misconduct at our funds' portfolio companies could similarly subject us to liability and reputational damage and also harm performance.

There is a risk that our employees could engage in misconduct that adversely affects our business. We are subject to a number of obligations and standards arising from our asset management business and our authority over the assets managed by our asset management business. The violation of these obligations and standards by any of our employees would adversely affect our clients and us. Our business often requires that we deal with confidential matters of great significance to companies in which we may invest. If our employees were to improperly use or disclose confidential information, we could suffer serious harm to our reputation, financial position and current and

future business relationships. Detecting or deterring employee misconduct is not always possible, and the extensive precautions we take to detect and prevent this activity may not be effective in all cases. If one of our employees were to engage in misconduct or were to be accused of such misconduct, our business and our reputation could be adversely affected.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the Foreign Corrupt Practices Act ("FCPA"). In addition, the U.K. has also significantly expanded the reach of its anti-bribery laws. Local jurisdictions, such as Brazil, have also recently brought a greater focus to anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA, the U.K. anti-bribery laws or other applicable anti-corruption laws could subject us to, among other things, civil and criminal penalties or material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial position or the market value of our common units.

In addition, we may also be adversely affected if there is misconduct by personnel of portfolio companies in which our funds invest. For example, financial fraud or other deceptive practices at our funds' portfolio companies, or failures by personnel at our funds' portfolio companies to comply with anti-bribery, trade sanctions, anti-harassment or other legal and regulatory requirements, could subject us to, among other things, civil and criminal penalties or material fines, profit disgorgement, injunctions on future conduct and securities litigation, and could also cause significant reputational and business harm to us. Such misconduct may undermine our due diligence efforts with respect to such portfolio companies and could negatively affect the valuations of the investments by our funds in such portfolio companies. In addition, we may face an increased risk of such misconduct to the extent our investment in non-U.S. markets, particularly emerging markets, increases.

Poor performance of our investment funds would cause a decline in our revenue, income and cash flow, may obligate us to repay Performance Allocations previously paid to us, and could adversely affect our ability to raise capital for future investment funds.

In the event that any of our investment funds were to perform poorly, our revenue, income and cash flow would decline because the value of our assets under management would decrease, which would result in a reduction in management fees, and our investment returns would decrease, resulting in a reduction in the Performance Allocations and Incentive Fees we earn. Moreover, we could experience losses on our investments of our own principal as a result of poor investment performance by our investment funds. Furthermore, if, as a result of poor performance of later investments in a carry fund's life, the fund does not achieve certain investment returns for the fund over its life, we will be obligated to repay the amount by which Performance Allocations that were previously distributed to us exceed amount to which the relevant general partner is ultimately entitled.

Poor performance of our investment funds could make it more difficult for us to raise new capital. Investors in carry funds might decline to invest in future investment funds we raise and investors in hedge funds or other investment funds might withdraw their investments as a result of poor performance of the investment funds in which they are invested. Investors and potential investors in our funds continually assess our investment funds' performance, and our ability to raise capital for existing and future investment funds and avoid excessive redemption levels will depend on our investment funds' continued satisfactory performance. Accordingly, poor fund performance may deter future investment in our funds and thereby decrease the capital invested in our funds and ultimately, our management fee revenue. Alternatively, in the face of poor fund performance, investors could demand lower fees or fee concessions for existing or future funds which would likewise decrease our revenue.

Our asset management business depends in large part on our ability to raise capital from third party investors. If we are unable to raise capital from third party investors on attractive fee terms or at all, our ability to collect management fees or deploy such capital into investments and potentially collect Performance Allocations would be impacted, which would materially reduce our revenue and cash flow and adversely affect our financial condition.

Our ability to raise capital from third party investors depends on a number of factors, including certain factors that are outside our control. Certain factors, such as the performance of the stock market and the asset allocation rules or investment policies to which such third party investors are subject, could inhibit or restrict the ability of third party investors to make investments in our investment funds or the asset classes in which our investment funds invest. For example, state politicians and lawmakers in Pennsylvania, New Jersey and North Carolina have recently taken steps or expressed intent to take steps to reduce or minimize the ability of their state pension funds to invest in alternative asset classes. The Pennsylvania governor, for example, asked the state's two retirement funds to close out their private equity investments in favor of an all-index fund strategy, citing high fees paid to alternative asset managers, and in New Jersey, new commitments by the state pension fund to private equity were frozen in 2018. There is no assurance that other states will not take similar actions, which may impair our access to capital from an investor base that has historically represented a significant portion of our fundraising. In addition, volatility in the valuations of investments, has in the past and may in the future affect our ability to raise capital from third party investors. To the extent periods of volatility are coupled with a lack of realizations from investors' existing private equity and real estate portfolios, as was the case in 2008 and 2009, such investors may be left with disproportionately outsized remaining commitments to a number of investment funds, which significantly limits such investors' ability to make new commitments to third party managed investment funds such as those managed by us.

Our ability to raise new funds could similarly be hampered if the general appeal of private equity and other alternative investments were to decline. An investment in a limited partner interest in a private equity fund is more illiquid and the returns on such investment may be more volatile than an investment in securities for which there is a more active and transparent market. In periods of positive markets and low volatility, for example, investors may favor passive investment strategies such as index funds over our actively managed investment vehicles. Alternative investments could also fall into disfavor as a result of concerns about liquidity and short-term performance. Such concerns could be exhibited, in particular, by public pension funds, which have historically been among the largest investors in alternative assets. Many public pension funds are significantly underfunded and their funding problems have been, and may in the future be, exacerbated by economic downturn. Concerns with liquidity could cause such public pension funds to reevaluate the appropriateness of alternative investments. Although a number of investors, including certain public pension funds, have increased their allocations to the alternative investments asset class in recent years, there is no assurance that this will continue or that our ability to raise capital from investors will not be hampered. In addition, our ability to raise capital from third parties outside of the U.S. could be limited to the extent other countries, such as China, impose restrictions or limitations on outbound foreign investment.

Moreover, certain institutional investors are demonstrating a preference to in-source their own investment professionals and to make direct investments in alternative assets without the assistance of private equity advisers like us. Such institutional investors may become our competitors and could cease to be our clients. As some existing investors cease or significantly curtail making commitments to alternative investment funds, we may need to identify and attract new investors in order to maintain or increase the size of our investment funds. There are no assurances that we can find or secure commitments from those new investors or that the fee terms of the commitments from such new investors will be consistent with the fees historically paid to us by our investors. If economic conditions were to deteriorate or if we are unable to find new investors, we might raise less than our desired amount for a given fund. Further, as we seek to expand into other asset classes, we may be unable to raise a sufficient amount of capital to adequately support such businesses. For example, the private credit markets and the fundraising environment remain extremely competitive and, as a result, our direct lending fundraising efforts may be delayed beyond our expectations and/or may not be successful in replacing and/or exceeding the Assets Under Management, revenues and earnings associated with our terminated sub-advisory relationship with FS Investments. If we are unable to successfully raise capital, it could materially reduce our revenue and cash flow and adversely affect our financial condition.

In connection with raising new funds or making further investments in existing funds, we negotiate terms for such funds and investments with existing and potential investors. The outcome of such negotiations could result in our agreement to terms that are materially less favorable to us than for prior funds we have managed or funds managed by our competitors, including with respect to management fees, incentive fees and/or carried interest, which could have an adverse impact on our revenues. Such terms could also restrict our ability to raise investment funds with investment objectives or strategies that compete with existing funds, add additional expenses and obligations for us in managing the fund or increase our potential liabilities, all of which could ultimately reduce our revenues. In addition, certain institutional investors, including sovereign wealth funds and public pension funds, have demonstrated an increased preference for alternatives to the traditional investment fund structure, such as managed accounts, smaller funds and co-investment vehicles. There can be no assurance that such alternatives will be as profitable for us as the traditional investment fund structure, or as to the impact such a trend could have on the cost of our operations or profitability if we were to implement these alternative investment structures. In addition, certain institutional investors, including public pension funds, have publicly criticized certain fund fee and expense structures, including management fees and transaction and advisory fees. Although we have no obligation to modify any of our fees with respect to our existing funds, we may experience pressure to do so in our funds. For example, we have confronted and expect to continue to confront requests from a variety of investors and groups representing investors to decrease fees, which could result in a reduction in the fees and Performance Allocations and Incentive Fees we earn.

We have increasingly undertaken business initiatives to increase the number and type of investment products we offer to retail investors, which could expose us to new and greater levels of risk.

Although retail investors have been part of our historic distribution efforts, we have increasingly undertaken business initiatives to increase the number and type of investment products we offer to high net worth individuals, family offices and other mass affluent investors. In some cases we seek to distribute our unregistered funds to such retail investors indirectly through feeder funds sponsored by brokerage firms, private banks or third party feeder providers, and in other cases directly to the qualified clients of private banks, independent investment advisors and brokers. In other cases we create registered investment products specifically designed for direct investment by retail investors. Our initiatives to access retail investors entail the investment of resources and our objectives may not be fully realized.

Moreover, accessing retail investors and selling retail directed products exposes us to new and greater levels of risk, including heightened litigation and regulatory enforcement risks. To the extent we distribute retail products through new channels, including through unaffiliated firms, we may not be able to effectively monitor or control the manner of their distribution, which could result in litigation against us, including with respect to, among other things, claims that products distributed through such channels are distributed to customers for whom they are unsuitable or distributed in any other inappropriate manner. Although we seek to ensure through due diligence and onboarding procedures that the channels through which retail investors access our investment products conduct themselves responsibly, to the extent that our investment products are being distributed through third parties, we are exposed to reputation damage and possible legal liability to the extent such third parties improperly sell our products to investors. Similarly, the hiring of employees to oversee independent advisors and brokers presents risks if they fail to follow training, review and supervisory procedures. In addition, the distribution of retail products through new channels whether directly or through market intermediaries could expose us to additional regulatory risk in the form of allegations of improper conduct and/or actions by state and federal regulators against us with respect to, among other things, product suitability, conflicts of interest and the adequacy of disclosure to customers to whom our products are distributed through those channels.

We are subject to increasing scrutiny from institutional investors with respect to the social cost of investments made by our funds, which may constrain capital deployment opportunities for our funds and adversely impact our ability to raise capital from such investors.

In recent years, certain institutional investors, including public pension funds, have placed increasing importance on the implications and social cost of investments made by the private equity and other funds to which

they commit capital, including with respect to environmental, social and governance ("ESG") matters. Certain public pension funds have also demonstrated increased activism with respect to existing investments, including by urging asset managers to take certain actions that could adversely impact the value of an investment, or refrain from taking certain actions that could improve the value of an investment. At times, investors have conditioned future capital commitments on the taking or refraining from taking of such actions. Investors' increased focus and activism related to ESG and similar matters may constrain our capital deployment opportunities. In addition, institutional investors may decide to withdraw previously committed capital from our funds (where such withdrawal is permitted) or to not commit capital to future fundraises as a result of their assessment of our approach to and consideration of the social cost of investments made by our funds. As public pension funds represent a significant portion of our funds' investor bases, to the extent our access to capital from such investors is impaired, we may not be able to maintain or increase the size of our funds or raise sufficient capital for new funds, which may adversely impact our revenues.

In addition, ESG matters have been the subject of increased focus by certain regulators in the EU. For example, in May 2018 the European Commission proposed legislative reforms relating in part to formalizing the duties and disclosure obligations of investors, funds and asset managers in relation to ESG factors. These proposals are currently in the EU legislative process and are likely to be implemented in 2020. If implemented, we may be required to provide additional disclosure to investors in our funds with respect to ESG risks.

Valuation methodologies for certain assets in our funds can be subject to significant subjectivity and the fair value of assets established pursuant to such methodologies may never be realized, which could result in significant losses for our funds.

Our investment funds make investments in illiquid investments or financial instruments for which there is little, if any, market activity. We determine the value of such investments and financial instruments on at least a quarterly basis based on the fair value of such investments. The fair value of such investments and financial instruments is generally determined using several methodologies described in the investment funds' valuation policies.

The determination of fair value using these methodologies takes into consideration a range of factors including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. For example, as to investments that we share with another sponsor, we may apply a different valuation methodology than the other sponsor does or derive a different value than the other sponsor has derived on the same investment. These differences might cause some investors to question our valuations. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation — Critical Accounting Policies" for an overview of critical accounting policies that could potentially produce materially different results if we were to change underlying assumptions, estimates, methodologies and/or judgments used in the determination of the value of certain investments and financial instruments.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid investments, the fair values of such investments as reflected in an investment fund's net asset value do not necessarily reflect the prices that would actually be obtained by us on behalf of the investment fund when such investments are realized. Realizations at values significantly lower than the values at which investments have been reflected in prior fund net asset values would result in losses for the applicable fund, a decline in asset management fees and the loss of potential Performance Allocations and Incentive Fees. Changes in values attributed to investments from quarter to quarter may result in volatility in the net asset values and results of operations and cash flow that we report from period to period. Also, a situation where asset values turn out to be materially different than values reflected in prior fund net asset values could cause investors to lose confidence in us, which would in turn result in difficulty in raising additional funds or redemptions from our hedge funds.

Interest rates on our and our portfolio companies' outstanding financial instruments might be subject to change based on regulatory developments, which could adversely affect our revenue, expenses and the value of those financial instruments.

LIBOR and certain other floating rate benchmark indices are the subject of recent national, international and regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. On July 27, 2017, the FCA, which regulates LIBOR, publicly announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next several years. As a result of this transition, interest rates on our CLOs and other financial instruments tied to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. Further, any uncertainty regarding the continued use and reliability of LIBOR as a benchmark interest rate could adversely affect the value of our and our portfolio companies' financial instruments tied to LIBOR rates. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions or a significant increase in benchmark rates or borrowing costs to borrowers. Although we have been proactively negotiating provisions in our portfolio companies' recent debt agreements to provide additional flexibility to address the transition away from LIBOR, there is no assurance that we will be able to adequately minimize the risk of disruption to us or our portfolio companies from the discontinuation of LIBOR or other changes to benchmark indices.

The historical returns attributable to our funds should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our common units.

The historical and potential future returns of the investment funds that we manage are not directly linked to returns on our common units. Therefore, any continued positive performance of the investment funds that we manage will not necessarily result in positive returns on an investment in our common units. However, poor performance of the investment funds that we manage would cause a decline in our revenue from such investment funds, and would therefore have a negative effect on our performance and in all likelihood the returns on an investment in our common units.

Moreover, with respect to the historical returns of our investment funds:

- we may create new funds in the future that reflect a different asset mix and different investment strategies, as well as a varied geographic and industry exposure as compared to our present funds, and any such new funds could have different returns from our existing or previous funds,
- as the global markets rebounded from the 2008-2009 financial crisis, despite periods of volatility, market conditions have been largely favorable, which helped to generate positive performance, particularly in our private equity and real estate businesses, but there can be no assurance that such conditions will repeat or that our current or future investment funds will avail themselves of comparable market conditions,
- the rates of returns of our carry funds reflect unrealized gains as of the applicable measurement date that may never be realized, which may adversely affect the ultimate value realized from those funds' investments,
- competition for investment opportunities resulting from, among other things, the increased amount of capital invested in alternative investment funds continues to increase,
- our investment funds' returns in some years benefited from investment opportunities and general market conditions that may not repeat themselves, our current or future investment funds might not be able to avail themselves of comparable investment opportunities or market conditions, and the circumstances under which our current or future funds may make future investments may differ significantly from those conditions prevailing in the past,
- newly established funds may generate lower returns during the period in which they initially deploy their capital, and

- the rates of return reflect our historical cost structure, which may vary in the future due to various factors enumerated elsewhere in this report and other factors beyond our control, including changes in laws.

The future internal rate of return for any current or future fund may vary considerably from the historical internal rate of return generated by any particular fund, or for our funds as a whole. In addition, future returns will be affected by the applicable risks described elsewhere in this Annual Report on Form 10-K, including risks of the industries and businesses in which a particular fund invests.

Dependence on significant leverage in investments by our funds could adversely affect our ability to achieve attractive rates of return on those investments.

Many of our carry funds' investments rely heavily on the use of leverage, and our ability to achieve attractive rates of return on investments will depend on our ability to access sufficient sources of indebtedness at attractive rates. For example, in many private equity and real estate investments, indebtedness may constitute as much as 70% or more of a portfolio company's or real estate asset's total debt and equity capitalization, including debt that may be incurred in connection with the investment. The absence of available sources of sufficient senior debt financing for extended periods of time could therefore materially and adversely affect our private equity and real estate businesses. In addition, in March 2013, the Federal Reserve and other U.S. federal banking agencies issued updated leveraged lending guidance covering transactions characterized by a degree of financial leverage. Such guidance may limit the amount or cost of financing we are able to obtain for our transactions, and as a result, the returns on our investments may suffer. However, the status of the 2013 leveraged lending guidance remains uncertain following a determination by the Government Accountability Office, on October 19, 2017, that such guidance constituted a "rule" for purposes of the Congressional Review Act of 1996. As a result, the guidance was required to be submitted to Congress for review. It is possible the guidance could be overturned if a joint resolution of disapproval is passed by Congress. Furthermore, new limits on the deductibility of corporate interest expense could make it more costly to use debt financing for our acquisitions or otherwise have an adverse impact on the cost structure of our transactions, and could therefore adversely affect the returns on our funds' investments. See "— Comprehensive U.S. federal income tax reform became effective in 2018, which could adversely affect us."

In addition, an increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those businesses' investments. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital or their ability to benefit from a higher amount of cost savings following the acquisition of the asset. In addition, a portion of the indebtedness used to finance private equity investments often includes high yield debt securities issued in the capital markets. Availability of capital from the high yield debt markets is subject to significant volatility, and there may be times when we might not be able to access those markets at attractive rates, or at all, when completing an investment. In particular, in late 2018 the credit markets experienced a contraction in the availability of credit, which temporarily impacted the ability to obtain attractive debt financing transactions.

Investments in highly leveraged entities are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. The incurrence of a significant amount of indebtedness by an entity could, among other things:

- give rise to an obligation to make mandatory pre-payments of debt using excess cash flow, which might limit the entity's ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities,
- limit the entity's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt,

- allow even moderate reductions in operating cash flow to render it unable to service its indebtedness, leading to a bankruptcy or other reorganization of the entity and a loss of part or all of the equity investment in it,
- limit the entity's ability to engage in strategic acquisitions that might be necessary to generate attractive returns or further growth, and
- limit the entity's ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

As a result, the risk of loss associated with a leveraged entity is generally greater than for companies with comparatively less debt. For example, many investments consummated by private equity sponsors during 2005, 2006 and 2007 that utilized significant amounts of leverage subsequently experienced severe economic stress and, in certain cases, defaulted on their debt obligations due to a decrease in revenues and cash flow precipitated by the subsequent economic downturn during 2008 and 2009.

When our BCP and BREP funds' existing portfolio investments reach the point when debt incurred to finance those investments mature in significant amounts and must be either repaid or refinanced, those investments may materially suffer if they have generated insufficient cash flow to repay maturing debt and there is insufficient capacity and availability in the financing markets to permit them to refinance maturing debt on satisfactory terms, or at all. If a limited availability of financing for such purposes were to persist for an extended period of time, when significant amounts of the debt incurred to finance our private equity and real estate funds' existing portfolio investments came due, these funds could be materially and adversely affected.

Many of the hedge funds in which our funds of hedge funds invest and our credit-focused funds, or CLOs, may choose to use leverage as part of their respective investment programs and regularly borrow a substantial amount of their capital. The use of leverage poses a significant degree of risk and enhances the possibility of a significant loss in the value of the investment portfolio. A fund may borrow money from time to time to purchase or carry securities or may enter into derivative transactions (such as total return swaps) with counterparties that have embedded leverage. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried and will be lost — and the timing and magnitude of such losses may be accelerated or exacerbated — in the event of a decline in the market value of such securities. Gains realized with borrowed funds may cause the fund's net asset value to increase at a faster rate than would be the case without borrowings. However, if investment results fail to cover the cost of borrowings, the fund's net asset value could also decrease faster than if there had been no borrowings.

Increases in interest rates could also decrease the value of fixed-rate debt investments that our investment funds make. In addition, to the extent that any changes in tax law make debt financing less attractive to certain categories of borrowers this could adversely affect the investment opportunities for our credit-focused funds.

Any of the foregoing circumstances could have a material adverse effect on our financial condition, results of operations and cash flow.

The asset management business is intensely competitive.

The asset management business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, investor liquidity and willingness to invest, fund terms (including fees), brand recognition and business reputation. Our asset management business competes with a number of private equity funds, specialized investment funds, hedge funds, funds of hedge funds and other sponsors managing pools of capital, as well as corporate buyers, traditional asset managers, commercial banks, investment banks and other financial institutions (including sovereign wealth funds), and we expect that competition will continue to increase. For example, certain traditional asset managers have developed their own private equity platforms and are marketing other asset allocation strategies as alternatives to hedge fund

investments. Additionally, developments in financial technology, or fintech, such as distributed ledger technology, or blockchain, have the potential to disrupt the financial industry and change the way financial institutions, as well as asset managers, do business. A number of factors serve to increase our competitive risks:

- a number of our competitors in some of our businesses have greater financial, technical, marketing and other resources and more personnel than we do,
- some of our funds may not perform as well as competitors' funds or other available investment products,
- several of our competitors have significant amounts of capital, and many of them have similar investment objectives to ours, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit,
- some of our competitors, particularly strategic competitors, may have a lower cost of capital, which may be exacerbated to the extent potential changes to the Internal Revenue Code limit the deductibility of interest expense,
- some of our competitors may have access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities,
- some of our competitors may be subject to less regulation and accordingly may have more flexibility to undertake and execute certain businesses or investments than we can and/or bear less compliance expense than we do,
- some of our competitors may have more flexibility than us in raising certain types of investment funds under the investment management contracts they have negotiated with their investors,
- some of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make,
- some of our competitors may be more successful than us in the development and implementation of new technology to address investor demand for product and strategy innovation, particularly in the hedge fund industry,
- there are relatively few barriers to entry impeding new alternative asset fund management firms, and the successful efforts of new entrants into our various businesses, including former "star" portfolio managers at large diversified financial institutions as well as such institutions themselves, is expected to continue to result in increased competition,
- some of our competitors may have better expertise or be regarded by investors as having better expertise in a specific asset class or geographic region than we do,
- our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment,
- some investors may prefer to invest with an investment manager that is not publicly traded or is smaller with only one or two investment products that it manages, and
- other industry participants will from time to time seek to recruit our investment professionals and other employees away from us.

We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by competitors. Alternatively, we may experience decreased rates of return and increased risks of loss if we match investment prices, structures and terms offered by competitors. Moreover, if we are forced to compete with other alternative asset managers on the basis of price, we may not be able to maintain our current fund fee and carried interest terms. We have historically competed primarily on the performance of our funds, and not on the level of our fees or carried interest relative to those of our competitors. However, there is a risk that fees and carried interest in the alternative investment management industry will decline, without regard to the historical performance

of a manager. Fee or carried interest income reductions on existing or future funds, without corresponding decreases in our cost structure, would adversely affect our revenues and profitability.

In addition, the attractiveness of our investment funds relative to investments in other investment products could decrease depending on economic conditions. Furthermore, any deregulatory measures for the U.S. financial services industry undertaken by the U.S. Congress or the Trump administration may create additional competition, particularly with respect to our credit-focused funds. See "— Financial deregulation measures proposed and recently enacted by the Trump administration and members of the U.S. Congress may create regulatory uncertainty for the financial sector, increase competition in certain of our investment strategies and adversely affect our business, financial condition and results of operations."

This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future investment funds, either of which would adversely impact our business, revenue, results of operations and cash flow.

The due diligence process that we undertake in connection with investments by our investment funds may not reveal all facts and issues that may be relevant in connection with an investment.

Before making investments in private equity and other investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental, social, governance and legal and regulatory issues. Outside consultants, legal advisers, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts (including fraud) or risks that may be necessary or helpful in evaluating such investment opportunity and we may not identify or foresee future developments that could have a material adverse effect on an investment (e.g., technological disruption across an industry).

In connection with the due diligence that our funds of hedge funds conduct in making and monitoring investments in third party hedge funds, we rely on information supplied by third party hedge funds or by service providers to such third party hedge funds. The information we receive from them may not be accurate or complete and therefore we may not have all the relevant facts and information necessary to properly assess and monitor our funds' investment in a particular hedge fund.

Our asset management activities involve investments in relatively high-risk, illiquid assets, and we may fail to realize any profits from these activities for a considerable period of time or lose some or all of our principal investments.

Many of our investment funds invest in securities that are not publicly traded. In many cases, our investment funds may be prohibited by contract or by applicable securities laws from selling such securities for a period of time. Our investment funds will generally not be able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration is available. The ability of many of our investment funds, particularly our private equity funds, to dispose of investments is heavily dependent on the public equity markets. For example, the ability to realize any value from an investment may depend upon the ability to complete an initial public offering of the portfolio company in which such investment is held. Even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the intended disposition period. Moreover, because the investment strategy of many of our funds, particularly our private equity and real estate funds, often entails our having representation on our funds' public portfolio company boards, our funds may be restricted in their ability to effect such sales during certain time periods. Accordingly, under certain

conditions, our investment funds may be forced to either sell securities at lower prices than they had expected to realize or defer — potentially for a considerable period of time — sales that they had planned to make. We have made and expect to continue to make significant principal investments in our current and future investment funds. Contributing capital to these investment funds is risky, and we may lose some or the entire principal amount of our investments.

We often pursue investment opportunities that involve business, regulatory, legal or other complexities.

As an element of our investment style, we may pursue unusually complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that would deter other investment managers. Our tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities. Any of these risks could harm the performance of our funds.

We have engaged in large-sized investments, which involve certain complexities and risks that are not encountered in small- and medium-sized investments.

A number of our funds, including our real estate and private equity funds, have invested and plan to continue to invest in large transactions. In addition, as we raise new funds, such funds' mandates may include investing in large transactions. Large investments involve certain complexities and risks that are not encountered in small- and medium-sized investments. For example, larger transactions may be more difficult to finance, and exiting larger deals may present challenges in many cases. In addition, larger transactions may entail greater scrutiny by regulators, labor unions and other third parties.

Larger transactions may be structured as "consortium transactions" due to the size of the investment and the amount of capital required to be invested. A consortium transaction involves an equity investment in which two or more private equity firms or other large investors serve together or collectively as equity sponsors. We participated in a significant number of consortium transactions in prior years due to the increased size of many of the transactions in which we were involved. Consortium transactions generally entail a reduced level of control by Blackstone over the investment because governance rights must be shared with the other private equity investors. Accordingly, we may not be able to control decisions relating to the investment, including decisions relating to the management and operation of the company and the timing and nature of any exit, which could result in the risks described in "— Our investment funds make investments in companies that we do not control."

Any of these factors could increase the risk that our larger investments could be less successful. The consequences to our investment funds of an unsuccessful larger investment could be more severe given the size of the investment.

Our investment funds make investments in companies that we do not control.

Investments by most of our investment funds will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our investment funds through trading activities or through purchases of securities from the issuer. In addition, a number of our funds may acquire minority equity interests (particularly in consortium transactions, as described in "— We have engaged in large-sized investments, which involve certain complexities and risks that are not encountered in small- and medium-sized investments") and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the investment funds retaining a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. In addition, to the extent we hold only a minority equity interest in a company, we may lack affirmative control rights, which may

diminish our ability to influence the company's affairs in a manner intended to enhance the value of our investment in the company. If any of the foregoing were to occur, the values of investments by our investment funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

We expect to make investments in companies that are based outside of the United States, which may expose us to additional risks not typically associated with investing in companies that are based in the United States.

Many of our investment funds generally invest a significant portion of their assets in the equity, debt, loans or other securities of issuers located outside the United States. International investments have increased and we expect will continue to increase as a proportion of certain of our funds' portfolios in the future. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to:

- currency exchange matters, including fluctuations in currency exchange rates and costs associated with conversion of investment principal and income from one currency into another,
- less developed or efficient financial markets than in the United States, which may lead to potential price volatility and relative illiquidity,
- the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation,
- changes in laws or clarifications to existing laws that could impact our tax treaty positions, which could adversely impact the returns on our investments,
- a less developed legal or regulatory environment, differences in the legal and regulatory environment or enhanced legal and regulatory compliance,
- heightened exposure to corruption risk in non-U.S. markets,
- political hostility to investments by foreign or private equity investors,
- reliance on a more limited number of commodity inputs, service providers and/or distribution mechanisms,
- higher rates of inflation,
- higher transaction costs,
- difficulty in enforcing contractual obligations,
- fewer investor protections and less publicly available information in respect of companies in non-U.S. markets,
- certain economic and political risks, including potential exchange control regulations and restrictions on our non-U.S. investments and repatriation of profits on investments or of capital invested, the risks of political, economic or social instability, the possibility of expropriation or confiscatory taxation and adverse economic and political developments, and
- the possible imposition of non-U.S. taxes or withholding on income and gains recognized with respect to such securities.

In addition, investments in companies that are based outside of the United States may be negatively impacted by restrictions on international trade or the recent or potential further imposition of tariffs. See "— The potential for further governmental policy changes and regulatory reform by the Trump administration and the U.S. Congress may create regulatory uncertainty for our funds' portfolio companies and our investment strategies and adversely affect the profitability of our funds' portfolio companies."

There can be no assurance that adverse developments with respect to such risks will not adversely affect our assets that are held in certain countries or the returns from these assets.

We may not have sufficient cash to pay back "clawback" obligations if and when they are triggered under the governing agreements with our investors.

In certain circumstances, at the end of the life of a carry fund (or earlier with respect to certain of our real estate funds, real estate debt funds and certain multi-asset class and/or opportunistic investment funds), as a result of diminished performance of later investments in any carry fund's life, we may be obligated to repay the amount by which Performance Allocations that were previously distributed to us exceed the amounts to which the relevant general partner is ultimately entitled on an after-tax basis. This includes situations in which the general partner receives in excess of the relevant Performance Allocations applicable to the fund as applied to the fund's cumulative net profits over the life of the fund or, in some cases, the fund has not achieved investment returns that exceed the preferred return threshold. This obligation is known as a "clawback" obligation and is an obligation of any person who received such Performance Allocations, including us and other participants in our Performance Allocations plans. Although a portion of any distributions by us to our unitholders may include any Performance Allocations received by us, we do not intend to seek fulfillment of any clawback obligation by seeking to have our unitholders return any portion of such distributions attributable to Performance Allocations associated with any clawback obligation. To the extent we are required to fulfill a clawback obligation, however, our general partner may determine to decrease the amount of our distributions to common unitholders. The clawback obligation operates with respect to a given carry fund's own net investment performance only and performance of other funds are not netted for determining this contingent obligation.

Adverse economic conditions may increase the likelihood that one or more of our carry funds may be subject to clawback obligations upon the end of their respective lives (or earlier with respect to certain of our real estate funds, real estate debt funds and certain multi-asset class and/or opportunistic investment funds). To the extent one or more clawback obligations were to occur for any one or more carry funds, we might not have available cash at the time such clawback obligation is triggered to repay the Performance Allocations and satisfy such obligation. If we were unable to repay such Performance Allocations, we would be in breach of the governing agreements with our investors and could be subject to liability. Moreover, although a clawback obligation is several, the governing agreements of most of our funds provide that to the extent another recipient of Performance Allocations (such as a current or former employee) does not fund his or her respective share, then we and our employees who participate in such Performance Allocations plans may have to fund additional amounts (generally an additional 50-70% beyond our pro-rata share of such obligations) beyond what we actually received in Performance Allocations, although we retain the right to pursue any remedies that we have under such governing agreements against those Performance Allocations recipients who fail to fund their obligations.

Investments by our investment funds will in many cases rank junior to investments made by others.

In most cases, the companies in which our investment funds invest will have indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, that rank senior to our investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of our investment. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to our investment would typically be entitled to receive payment in full before distributions could be made in respect of our investment. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of our investment. To the extent that any assets remain, holders of claims that rank equally with our investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following an insolvency, the ability of our investment funds to influence a company's affairs and to take actions to protect their investments may be substantially less than that of the senior creditors.

Investors in our hedge funds or open ended funds may redeem their investments in these funds. In addition, the investment management agreements related to our separately managed accounts may permit the investor to terminate our management of such account on short notice. Lastly, investors in our other investment funds have the right to cause these investment funds to be dissolved. Any of these events would lead to a decrease in our revenues, which could be substantial.

Investors in our hedge funds may generally redeem their investments on an annual, semi-annual or quarterly basis following the expiration of a specified period of time when capital may not be withdrawn, subject to the applicable fund's specific redemption provisions. In addition, we have certain other open ended funds, including core+ real estate and certain real estate debt funds, which contain similar redemption provisions in their governing documents. In a declining market, many hedge funds and other open ended funds, including some of our funds, may experience declines in value, and the pace of redemptions and consequent reduction in our assets under management could accelerate. Such declines in value may be both provoked and exacerbated by margin calls and forced selling of assets. To the extent appropriate and permissible under a fund's constituent documents, we may limit or suspend redemptions during a redemption period, which may have a reputational impact on us. See "— Hedge fund investments are subject to numerous additional risks." The decrease in revenues that would result from significant redemptions in our hedge funds and other open ended funds could have a material adverse effect on our business, revenues, net income and cash flows.

We currently manage a significant portion of investor assets through separately managed accounts whereby we earn management and/or incentive fees, and we intend to continue to seek additional separately managed account mandates. The investment management agreements we enter into in connection with managing separately managed accounts on behalf of certain clients may be terminated by such clients on as little as 30 days' prior written notice. In addition, the boards of directors of the investment management companies we manage could terminate our advisory engagement of those companies, on as little as 30 days' prior written notice. In the case of any such terminations, the management and incentive fees we earn in connection with managing such account or company would immediately cease, which could result in a significant adverse impact on our revenues.

The governing agreements of most of our investment funds (with the exception of certain of our funds of hedge funds, hedge funds, certain credit-focused and real estate debt funds, and other funds or separately managed accounts for the benefit of one or more specified investors) provide that, subject to certain conditions, third party investors in those funds have the right to remove the general partner of the fund or to accelerate the termination date of the investment fund without cause by a simple majority vote, resulting in a reduction in management fees we would earn from such investment funds and a significant reduction in the amounts of Performance Allocations and Incentive Fees from those funds. Performance Allocations and Incentive Fees could be significantly reduced as a result of our inability to maximize the value of investments by an investment fund during the liquidation process or in the event of the triggering of a "clawback" obligation. In addition, the governing agreements of our investment funds provide that in the event certain "key persons" in our investment funds do not meet specified time commitments with regard to managing the fund, then investors in certain funds have the right to vote to terminate the investment period by a specified percentage (including, in certain cases, a simple majority) vote in accordance with specified procedures, accelerate the withdrawal of their capital on an investor-by-investor basis, or the fund's investment period will automatically terminate and a specified percentage (including, in certain cases, a simple majority) vote of investors is required to restart it. In addition, the governing agreements of some of our investment funds provide that investors have the right to terminate, for any reason, the investment period by a vote of 75% of the investors in such fund. In addition to having a significant negative impact on our revenue, net income and cash flow, the occurrence of such an event with respect to any of our investment funds would likely result in significant reputational damage to us.

In addition, because all of our investment funds have advisers that are registered under the Advisers Act, an "assignment" of the management agreements of all of our investment funds (which may be deemed to occur in the event these advisers were to experience a change of control) would generally be prohibited without investor consent. We cannot be certain that consents required for assignments of our investment management agreements will be

obtained if a change of control occurs, which could result in the termination of such agreements. In addition, with respect to our 1940 Act registered funds, each investment fund's investment management agreement must be approved annually by the independent members of such investment fund's board of directors and, in certain cases, by its stockholders, as required by law. Termination of these agreements would cause us to lose the fees we earn from such investment funds.

Third party investors in our investment funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund's operations and performance.

Investors in all of our carry funds (and certain of our hedge funds) make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations (for example, management fees) when due. A default by an investor may also limit a fund's availability to incur borrowings and avail itself of what would otherwise have been available credit. We have not had investors fail to honor capital calls to any meaningful extent. Any investor that did not fund a capital call would generally be subject to several possible penalties, including having a significant amount of its existing investment forfeited in that fund. However, the impact of the forfeiture penalty is directly correlated to the amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for instance early in the life of the fund, then the forfeiture penalty may not be as meaningful. Third party investors in private equity, real estate and venture capital funds typically use distributions from prior investments to meet future capital calls. In cases where valuations of investors' existing investments fall and the pace of distributions slows, investors may be unable to make new commitments to third party managed investment funds such as those advised by us. If investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

Certain policies and procedures implemented to mitigate potential conflicts of interest and address certain regulatory requirements may reduce the synergies across our various businesses.

Because of our various lines of asset management businesses and our capital markets services business, we will be subject to a number of actual and potential conflicts of interest and subject to greater regulatory oversight and more legal and contractual restrictions than that to which we would otherwise be subject if we had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across our various businesses, we have implemented certain policies and procedures (for example, information walls) that may reduce the positive synergies that we cultivate across these businesses for purposes of identifying and managing attractive investments. For example, we may come into possession of material non-public information with respect to issuers in which we may be considering making an investment or issuers in which our affiliates may hold an interest. As a consequence of such policies and procedures, we may be precluded from providing such information or other ideas to our other businesses that might be of benefit to them.

Our failure to deal appropriately with conflicts of interest in our investment business could damage our reputation and adversely affect our businesses.

As we have expanded and as we continue to expand the number and scope of our businesses, we increasingly confront potential conflicts of interest relating to our funds' investment activities. Investment manager conflicts of interest continue to be a significant area of focus for regulators and the media. Because of our size and the variety of businesses that we pursue, we may face a higher degree of scrutiny compared with investment managers that are smaller or focus on fewer asset classes. A decision to acquire material non-public information about a company while pursuing an investment opportunity for a particular fund gives rise to a potential conflict of interest when it results in our having to restrict the ability of other funds to take any action. Certain of our funds may have overlapping investment objectives, including funds that have different fee structures and/or investment strategies that are more narrowly focused, and potential conflicts may arise with respect to our decisions regarding how to

allocate investment opportunities among those funds to the extent the fund documents do not mandate a specific investment allocation. For example, we may allocate an investment opportunity that is appropriate for two or more investment funds in a manner that excludes one or more funds or results in a disproportionate allocation based on factors or criteria that we determine, such as sourcing of the transaction, specific nature of the investment or size and type of the investment, among other factors. In addition, the challenge of allocating investment opportunities to certain funds may be exacerbated as we expand our business to include more lines of business, including more public vehicles. We may also cause different funds to invest in a single portfolio company, for example where the fund that made an initial investment no longer has capital available to invest. We may also cause different funds that we manage to purchase different classes of securities in the same portfolio company. For example, one of our CLO funds could acquire a debt security issued by the same company in which one of our private equity funds owns common equity securities. A direct conflict of interest could arise between the debt holders and the equity holders if such a company were to develop insolvency concerns, and we would have to carefully manage that conflict. Our affiliates may be service providers or counterparties to our funds or portfolio companies and receive fees or other compensation for services that are not shared with our fund investors. In such instances, we may be incentivized to cause our funds or portfolio companies to purchase such services from our affiliates rather than an unaffiliated service provider despite the fact that a third party service provider could potentially provide higher quality services or offer them at a lower cost. In addition, conflicts of interest may exist in the valuation of our investments and regarding decisions about the allocation of specific investment and co-investment opportunities among us, our funds and our affiliates, as well as the allocation of fees and expenses among us, our funds and their portfolio companies, and our affiliates. Lastly, in certain, infrequent instances we may purchase an investment alongside one of our investment funds or sell an investment to one of our investment funds and conflicts may arise in respect of the allocation, pricing and timing of such investments and the ultimate disposition of such investments. To the extent we fail to appropriately deal with these, among other, conflicts, it could negatively impact our reputation and ability to raise additional funds or result in potential litigation or regulatory action against us.

Conflicts of interest may arise in our allocation of co-investment opportunities.

As a general matter, our allocation of co-investment opportunities is within our discretion and there can be no assurance that co-investments of any particular type or amount will be allocated to any of our funds or investors. There can be no assurance that co-investments will become available and we will take into account a variety of factors and considerations we deem relevant in allocating co-investment opportunities, including, without limitation, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, our assessment of a potential co-investor’s ability to invest an amount of capital that fits the needs of the investment and our assessment of a potential co-investor’s ability to commit to a co-investment opportunity within the required timeframe of the particular transaction.

Potential conflicts will arise with respect to our decisions regarding how to allocate co-investment opportunities among our funds and investors and the terms of any such co-investments. Our fund documents typically do not mandate specific allocations with respect to co-investments. The investment advisers of our funds may have an incentive to provide co-investment opportunities to certain other Blackstone funds in lieu of investors, or certain investors in lieu of others and/or in lieu of our funds (including, for example, as part of an overall strategic relationship with us) if such allocations are expected to generate relatively greater fees or Performance Allocations to us than would arise if such co-investment opportunities were allocated otherwise. Co-investment arrangements may be structured through one or more of our investment vehicles, and in such circumstances co-investors will generally bear the costs and expenses thereof (which may lead to conflicts of interest regarding the allocation of costs and expenses between such co-investors and investors in our other investment funds). The terms of any such existing and future co-investment vehicles may differ materially, and in some instances may be more favorable to us, than the terms of certain of our funds or prior co-investment vehicles, and such different terms may create an incentive for us to allocate a greater or lesser percentage of an investment opportunity to such funds or such co-investment vehicles, as the case may be. Such incentives will from time to time give rise to conflicts of interest. There can be no assurance that any conflicts of interest will be resolved in favor of any particular investment funds or investors (including any applicable co-investors).

Risk management activities may adversely affect the return on our funds' investments.

When managing our exposure to market risks, we may (on our own behalf or on behalf of our funds) from time to time use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments to limit our exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates, currency exchange rates and commodity prices. The success of any hedging or other derivative transactions generally will depend on our ability to correctly predict market changes, the degree of correlation between price movements of a derivative instrument, the position being hedged, the creditworthiness of the counterparty and other factors. As a result, while we may enter into a transaction in order to reduce our exposure to market risks, the transaction may result in poorer overall investment performance than if it had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

While such hedging arrangements may reduce certain risks, such arrangements themselves may entail certain other risks. These arrangements may require the posting of cash collateral at a time when a fund has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, that reduce the returns generated by a fund. Finally, the CFTC may in the future require certain foreign exchange products to be subject to mandatory clearing, which could increase the cost of entering into currency hedges.

Our real estate funds are subject to the risks inherent in the ownership and operation of real estate and the construction and development of real estate.

Investments in our real estate funds will be subject to the risks inherent in the ownership and operation of real estate and real estate related businesses and assets, including the deterioration of real estate fundamentals. These risks include but are not limited to, those associated with the burdens of ownership of real property, general and local economic conditions, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, operating income, the financial resources of tenants, changes in building, environmental, zoning and other laws, casualty or condemnation losses, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates, changes in income tax rates, changes in interest rates, the reduced availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, changes to the taxation of business entities and the deductibility of corporate interest expense, negative developments in the economy that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, acts of god, terrorist attacks, war and other factors that are beyond our control. In addition, if our real estate funds acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing, they will be subject to the risks normally associated with such assets and development activities, including risks relating to the availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of our fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. In addition, our real estate funds may also make investments in residential real estate projects and/or otherwise participate in financing opportunities relating to residential real estate assets or portfolios thereof from time to time, which may be more highly susceptible to adverse changes in prevailing economic and/or market conditions and present additional risks relative to the ownership and operation of commercial real estate assets.

Certain of our investment funds may invest in securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments are subject to a greater risk of poor performance or loss.

Certain of our investment funds, especially our credit-focused funds, may invest in business enterprises involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions and may

purchase high-risk receivables. An investment in such business enterprises entails the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the fund of the security or other financial instrument in respect of which such distribution is received. In addition, if an anticipated transaction does not in fact occur, the fund may be required to sell its investment at a loss. Investments in troubled companies may also be adversely affected by U.S. federal and state laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies, there is a potential risk of loss by a fund of its entire investment in such company. Moreover, a major economic recession could have a materially adverse impact on the value of such securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities rated below investment grade or otherwise adversely affect our reputation.

In addition, at least one federal Circuit Court has determined that an investment fund could be liable for ERISA Title IV pension obligations (including withdrawal liability incurred with respect to union multiemployer plans) of its portfolio companies, if such fund is a "trade or business" and the fund's ownership interest in the portfolio company is significant enough to bring the investment fund within the portfolio company's "controlled group." While a number of cases have held that managing investments is not a "trade or business" for tax purposes, the Circuit Court in this case concluded the investment fund could be a "trade or business" for ERISA purposes based on certain factors, including the fund's level of involvement in the management of its portfolio companies and the nature of its management fee arrangements. Litigation related to the Circuit Court's decision suggests that additional factors may be relevant for purposes of determining whether an investment fund could face "controlled group" liability under ERISA, including the structure of the investment and the nature of the fund's relationship with other affiliated investors and co-investors in the portfolio company. Moreover, regardless of whether an investment fund is determined to be a "trade or business" for purposes of ERISA, a court might hold that one of the fund's portfolio companies could become jointly and severally liable for another portfolio company's unfunded pension liabilities pursuant to the ERISA "controlled group" rules, depending upon the relevant investment structures and ownership interests as noted above.

Investments in energy, manufacturing, infrastructure, real estate and certain other assets may expose us to increased environmental liabilities that are inherent in the ownership of real assets.

Ownership of real assets in our funds or vehicles may increase our risk of liability under environmental laws that impose, regardless of fault, joint and several liability for the cost of remediating contamination and compensation for damages. In addition, changes in environmental laws or regulations or the environmental condition of an investment may create liabilities that did not exist at the time of acquisition. Even in cases where we are indemnified by a seller against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or our ability to achieve enforcement of such indemnities.

Investments by our funds in the power and energy industries involve various operational, construction, regulatory and market risks that may expose us to increased risks.

The development, operation and maintenance of power and energy generation facilities involves many risks, including, as applicable, labor issues, start-up risks, breakdown or failure of facilities, lack of sufficient capital to maintain the facilities and the dependence on a specific fuel source. Power and energy generation facilities in which our funds invest are also subject to risks associated with volatility in the price of fuel sources and the impact of unusual or adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output, efficiency or reliability. The occurrence of any such items could result in lost revenues and/or

increased expenses. In turn, such developments could impair a portfolio company's ability to repay its debt or conduct its operations. We may also choose or be required to decommission a power generation facility or other asset. The decommissioning process could be protracted and result in the incurrence of significant financial and/or regulatory obligations or other uncertainties.

Our power and energy sector portfolio companies may also face construction risks typical for power generation and related infrastructure businesses. Such developments could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken. Delays in the completion of any power project may result in lost revenues or increased expenses, including higher operation and maintenance costs related to such portfolio company.

The power and energy sectors are the subject of substantial and complex laws, rules and regulation by various federal and state regulatory agencies. Failure to comply with applicable laws, rules and regulations could result in the prevention of operation of certain facilities or the prevention of the sale of such a facility to a third party, as well as the loss of certain rate authority, refund liability, penalties and other remedies, all of which could result in additional costs to a portfolio company and adversely affect the investment results. In addition, any legislative efforts by the Trump administration to overturn or modify policies or regulations enacted by the prior administration that placed limitations on coal and gas electric generation, mining and/or exploration could adversely affect certain of our energy investments, including our alternative energy investments. Conversely, any governmental policy changes encouraging resource extraction could have the effect of supporting low energy prices, which could have a negative impact on certain of our energy investments.

Our businesses that invest in the energy industry also focus on investments in businesses involved in oil and gas exploration and development, which can be a speculative business involving a high degree of risk, including:

- the use of new technologies, including hydraulic fracturing,
- reliance on estimates of oil and gas reserves in the evaluation of available geological, geophysical, engineering and economic data for each reservoir, and
- encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks.

In addition, the performance of the investments made by our credit and equity funds in the energy and natural resources markets are also subject to a high degree of market risk, as such investments are likely to be directly or indirectly substantially dependent upon prevailing prices of oil, natural gas and other commodities. Oil and natural gas prices are subject to wide fluctuation in response to factors beyond the control of us or our funds' portfolio companies, including relatively minor changes in the supply and demand for oil and natural gas, market uncertainty, the level of consumer product demand, weather conditions, governmental regulation, the price and availability of alternative fuels, political and economic conditions in oil producing countries, foreign supply of such commodities and overall domestic and foreign economic conditions. These factors make it difficult to predict future commodity price movements with any certainty.

Our investments in infrastructure assets may expose us to increased risks that are inherent in the ownership of real assets and may expose certain non-U.S. unitholders to adverse tax consequences.

Investments in infrastructure assets may expose us to increased risks that are inherent in the ownership of real assets. For example,

- Ownership of infrastructure assets may present risk of liability for personal and property injury or impose significant operating challenges and costs with respect to, for example, compliance with zoning, environmental or other applicable laws.

- Infrastructure asset investments may face construction risks including, without limitation: (a) labor disputes, shortages of material and skilled labor, or work stoppages, (b) slower than projected construction progress and the unavailability or late delivery of necessary equipment, (c) less than optimal coordination with public utilities in the relocation of their facilities, (d) adverse weather conditions and unexpected construction conditions, (e) accidents or the breakdown or failure of construction equipment or processes; and (f) catastrophic events such as explosions, fires, terrorist activities and other similar events. These risks could result in substantial unanticipated delays or expenses (which may exceed expected or forecasted budgets) and, under certain circumstances, could prevent completion of construction activities once undertaken. Certain infrastructure asset investments may remain in construction phases for a prolonged period and, accordingly, may not be cash generative for a prolonged period. Recourse against the contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor.
- The operation of infrastructure assets is exposed to potential unplanned interruptions caused by significant catastrophic or force majeure events. These risks could, among other effects, adversely impact the cash flows available from investments in infrastructure assets, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, litigation, or penalties for regulatory or contractual noncompliance. Force majeure events that are incapable of, or too costly to, cure may also have a permanent adverse effect on an investment.
- The management of the business or operations of an infrastructure asset may be contracted to a third party management company unaffiliated with us. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in our best interest, or the breach by an operator of applicable agreements or laws, rules and regulations, could have an adverse effect on the investment's financial condition or results of operations. Infrastructure investments may involve the subcontracting of design and construction activities in respect of projects, and as a result our investments are subject to the risks that contractual provisions passing liabilities to a subcontractor could be ineffective, the subcontractor fails to perform services which it has agreed to perform and the subcontractor becomes insolvent.

Infrastructure investments often involve an ongoing commitment to a municipal, state, federal or foreign government or regulatory agencies. The nature of these obligations expose us to a higher level of regulatory control than typically imposed on other businesses and may require us to rely on complex government licenses, concessions, leases or contracts, which may be difficult to obtain or maintain. Infrastructure investments may require operators to manage such investments and such operators' failure to comply with laws, including prohibitions against bribing of government officials, may adversely affect the value of such investments and cause us serious reputational and legal harm. Revenues for such investments may rely on contractual agreements for the provision of services with a limited number of counterparties, and are consequently subject to counterparty default risk. The operations and cash flow of infrastructure investments are also more sensitive to inflation and, in certain cases, commodity price risk. Furthermore, services provided by infrastructure investments may be subject to rate regulations by government entities that determine or limit prices that may be charged. Similarly, users of applicable services or government entities in response to such users may react negatively to any adjustments in rates and thus reduce the profitability of such infrastructure investments.

In addition, investments in infrastructure assets may cause adverse tax consequences for certain non-U.S. unitholders regarding income effectively connected with the conduct of a U.S. trade or business and the imposition of certain tax withholding. See "— Risks Related to United States Taxation — Non-U.S. persons face unique U.S. tax issues from owning common units that may result in adverse tax consequences to them." Moreover, investments in infrastructure assets may also require all our unitholders to file tax returns and pay taxes in various state and local jurisdictions in the U.S. and abroad where these infrastructure assets are located. See "— Risks Related to United States Taxation — Common unitholders will be subject to state and local taxes and return filing requirements as a result of investing in our common units."

Our investments in the life science industry may expose us to increased risks.

On November 30, 2018, we closed the Clarus Acquisition and announced the launch of BXLS, a private investment platform with capabilities to invest across the life-cycle of companies and products within the key life sciences sectors. Life sciences investing may expose us to increased risks. For example,

- Clarus' fund strategies have included, and we intend BXLS's strategies to include, among others, investments that are referred to as "defined exit" transactions. Defined exit transactions are risk-sharing collaborations with large pharmaceutical partners on drug development programs and investments in royalty streams of pre-commercial pharmaceutical products. Clarus' ability to source defined exit transactions has been, and BXLS's ability to source defined exit transactions will be, in part dependent on the ability of three special purpose development companies to identify, diligence, negotiate and in many cases, take the lead in executing the agreed development plans with respect to, a defined exit transaction. Moreover, as such special purpose development companies are jointly owned by us and two unaffiliated life sciences investors, we (and our funds) are not the sole beneficiaries of such sourcing strategies and capabilities of such special purpose development companies.
- Life sciences and healthcare companies are subject to extensive regulation by the U.S. Food and Drug Administration, similar foreign regulatory authorities and, to a lesser extent, other federal and state agencies, prior to marketing their products to the public. These companies are subject to the expense, delay and uncertainty of the approval process, and there can be no guarantee that a particular product will obtain regulatory approval. In addition, the current regulatory framework may change or additional regulations may arise at any stage during the product development phase of an investment, which may delay or prevent regulatory approval. If a company in which our funds are invested is unable to obtain regulatory approval for its product, or a product in which our funds are invested does not obtain regulatory approval, in a timely fashion or at all, the value of our investment would be adversely impacted. In addition, in connection with certain defined exit transactions, our special purpose development companies will be contractually obligated to run clinical trials. In the event such clinical trials do not comply with the complicated regulatory requirements applicable thereto, such special purpose development companies may be subject to regulatory actions.
- Intellectual property often constitutes an important part of a life sciences company's assets and competitive strengths, particularly for royalty monetization transactions. To the extent such companies' intellectual property positions with respect to products in which BXLS invests, whether through a royalty or otherwise, are challenged, invalidated or circumvented, the value of BXLS's investment may be impaired. The success of a life sciences investment depends in part on the ability of the pharmaceutical or other life sciences companies in whose products BXLS invests to obtain and defend patent rights and other intellectual property rights that are important to the commercialization of such products. The patent positions of such companies can be highly uncertain and often involve complex legal, scientific and factual questions.
- The commercial success of products could be compromised if governmental or third party payers do not provide coverage and reimbursement, breach, rescind or modify their contracts or reimbursement policies or delay payments for such products. In both the U.S. and foreign markets, the successful sale of a life sciences company's product depends on the ability to obtain and maintain adequate coverage and reimbursement from third party payers, including government healthcare programs and private insurance plans. Governments and third party payers continue to pursue aggressive initiatives to contain costs and manage drug utilization and are increasingly focused on the effectiveness, benefits and costs of similar treatments, which could result in lower reimbursement rates and narrower populations for whom the products in which BXLS invests will be reimbursed by payers. To the extent an investment made by BXLS relies in whole or in part on royalties or other payments based on product sales, adequate third party payer reimbursement may not be available to enable price levels for the product sufficient for BXLS to realize an appropriate return on the investment.

Our provision of products to insurance companies, including through Blackstone Insurance Solutions, subjects us to a variety of risks and uncertainties.

Blackstone Insurance Solutions, or BIS, is a platform that we established relating to Blackstone's development, distribution and management of tailored solutions for insurance companies worldwide. BIS seeks to deliver to insurance companies customizable and diversified portfolios of Blackstone products across asset classes, as well as the option for full management of insurance companies' investment portfolios, and is subject to a variety of risks and uncertainties. BIS currently manages over $23.9 billion for Fidelity & Guaranty Life Insurance Company and certain of its affiliates pursuant to several investment management agreements. In addition, in July 2017, Blackstone and AXIS Capital co-sponsored the establishment of Harrington Reinsurance, a Bermuda property & casualty reinsurance company and BIS currently manages all general account assets of Harrington Reinsurance. BIS also manages or sub-manages assets for certain insurance-dedicated funds and is currently developing other capital efficient and tailored products for insurance companies. The success of BIS will depend in large part on further developing investment partnerships with insurance company clients and maintaining existing asset management arrangements, including those described above. If we fail to deliver high quality, high performing products that help our insurance company clients meet long-term policyholder obligations, BIS may not be successful in retaining existing investment partnerships, developing new investment partnerships or selling its capital efficient products and such failure may have a material adverse effect on our business, results and financial condition.

The U.S. and non-U.S. insurance industries are subject to significant regulatory oversight. Regulatory authorities in many relevant jurisdictions have broad administrative, and in some cases discretionary, authority with respect to insurance companies and/or their investment advisors, which may include, among other things, the investments insurance companies may acquire and hold, marketing practices, affiliate transactions, reserve requirements and capital adequacy. These requirements are primarily concerned with the protection of policyholders, and regulatory authorities often have wide discretion in applying the relevant restrictions and regulations to insurance companies, which may indirectly affect BIS and other Blackstone businesses that offer products to insurance companies. We may be the target or subject of, or may have indemnification obligations related to, litigation (including class action litigation by policyholders), enforcement investigations or regulatory scrutiny. Regulators and other authorities generally have the power to bring administrative or judicial proceedings against insurance companies, which could result in, among other things, suspension or revocation of licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action. To the extent BIS or another Blackstone business that offers products to insurance companies is directly or indirectly involved in such regulatory actions, our reputation could be harmed, we may become liable for indemnification obligations and we could potentially be subject to enforcement actions, fines and penalties.

Some of the arrangements we have or will develop with insurance companies involve complex U.S. and non-U.S. tax structures for which no clear precedent or authority may be available. Such structures may be subject to potential legislative, judicial or administrative change and differing interpretations and any adverse legislative, judicial or administrative changes or interpretations may result in substantial costs to insurance companies or BIS. In some cases we may agree to indemnify insurance companies for their losses resulting from any such adverse changes or interpretations.

Insurance company investment portfolios are often subject to internal and regulatory requirements governing the categories and ratings of investment products they may acquire and hold. Many of the investment products we develop for, or other assets or investments we include in, insurance company portfolios will be rated and a ratings downgrade or any other negative action by a rating agency with respect to such products, assets or investments could make them less attractive and limit our ability to offer such products to, or invest or deploy capital on behalf of, insurers.

Any failure to properly manage or address the foregoing risks may have a material adverse effect on our business, results and financial condition.

The financial projections of our funds' portfolio companies could prove inaccurate.

Our funds generally establish the capital structure of portfolio companies on the basis of financial projections prepared by the management of such portfolio companies. These projected operating results will normally be based primarily on judgments of the management of the portfolio companies. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. General economic conditions, which are not predictable, along with other factors may cause actual performance to fall short of the financial projections that were used to establish a given portfolio company's capital structure. Because of the leverage we typically employ in our investments, this could cause a substantial decrease in the value of our equity holdings in the portfolio company. The inaccuracy of financial projections could thus cause our funds' performance to fall short of our expectations.

Contingent liabilities could harm fund performance.

We may cause our funds to acquire an investment that is subject to contingent liabilities. Such contingent liabilities could be unknown to us at the time of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acquired contingent liabilities could thus result in unforeseen losses for our funds. In addition, in connection with the disposition of an investment in a portfolio company, a fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A fund may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a fund, even after the disposition of an investment. Accordingly, the inaccuracy of representations and warranties made by a fund could harm such fund's performance.

Our funds may be forced to dispose of investments at a disadvantageous time.

Our funds may make investments of which they do not advantageously dispose of prior to the date the applicable fund is dissolved, either by expiration of such fund's term or otherwise. Although we generally expect that our funds will dispose of investments prior to dissolution or that investments will be suitable for in-kind distribution at dissolution, we may not be able to do so. The general partners of our funds have only a limited ability to extend the term of the fund with the consent of fund investors or the advisory board of the fund, as applicable, and therefore, we may be required to sell, distribute or otherwise dispose of investments at a disadvantageous time prior to dissolution.

This would result in a lower than expected return on the investments and, perhaps, on the fund itself.

Hedge fund investments are subject to numerous additional risks.

Investments by our funds of hedge funds in other hedge funds, as well as investments by our credit-focused, real estate debt and other hedge funds and similar products, are subject to numerous additional risks, including the following:

- Certain of the funds in which we invest are newly established funds without any operating history or are managed by management companies or general partners who may not have as significant track records as an independent manager.
- Generally, the execution of these hedge funds' investment strategies is subject to the sole discretion of the management company or the general partner of such funds.
- Hedge funds may engage in speculative trading strategies, including short selling, which is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. A fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the fund is otherwise unable to borrow securities that are necessary to hedge or cover its positions.

- Hedge funds are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem or otherwise, thus causing the fund to suffer a loss. Counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the fund has concentrated its transactions with a single or small group of counterparties. Generally, hedge funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the funds' internal consideration of the creditworthiness of their counterparties may prove insufficient. The absence of a regulated market to facilitate settlement may increase the potential for losses.
- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This "systemic risk" may adversely affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exchanges) with which the hedge funds interact on a daily basis.
- The efficacy of investment and trading strategies depend largely on the ability to establish and maintain an overall market position in a combination of financial instruments. A hedge fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the funds might only be able to acquire some but not all of the components of the position, or if the overall position were to need adjustment, the funds might not be able to make such adjustment. As a result, the funds would not be able to achieve the market position selected by the management company or general partner of such funds, and might incur a loss in liquidating their position.
- Hedge funds are subject to risks due to potential illiquidity of assets. Hedge funds may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely divestiture or sale of trading positions can be impaired by decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which they may be a party, and changes in industry and government regulations. It may be impossible or costly for hedge funds to liquidate positions rapidly in order to meet margin calls, withdrawal requests or otherwise, particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. Any "gate" or similar limitation on withdrawals with respect to hedge funds may not be effective in mitigating such risk. Moreover, these risks may be exacerbated for our funds of hedge funds. For example, if one of our funds of hedge funds were to invest a significant portion of its assets in two or more hedge funds that each had illiquid positions in the same issuer, the illiquidity risk for our funds of hedge funds would be compounded. For example, in 2008 many hedge funds, including some of our hedge funds, experienced significant declines in value. In many cases, these declines in value were both provoked and exacerbated by margin calls and forced selling of assets. Moreover, certain of our funds of hedge funds were invested in third party hedge funds that halted redemptions in the face of illiquidity and other issues, which precluded those funds of hedge funds from receiving their capital back on request.
- Hedge fund investments are subject to risks relating to investments in commodities, futures, options and other derivatives, the prices of which are highly volatile and may be subject to the theoretically unlimited risk of loss in certain circumstances, including if the fund writes a call option. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them and prevailing exchange rates. In addition, hedge funds' assets are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties. Most U.S. commodities exchanges limit fluctuations in certain

commodity interest prices during a single day by imposing "daily price fluctuation limits" or "daily limits," the existence of which may reduce liquidity or effectively curtail trading in particular markets.

As a result of their affiliation with us, our hedge funds may from time to time be restricted from trading in certain securities (e.g., publicly traded securities issued by our current or potential portfolio companies). This may limit their ability to acquire and/or subsequently dispose of investments in connection with transactions that would otherwise generally be permitted in the absence of such affiliation.

We are subject to risks in using prime brokers, custodians, counterparties, administrators and other agents.

Many of our funds depend on the services of prime brokers, custodians, counterparties, administrators and other agents to carry out certain securities and derivatives transactions. The terms of these contracts are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight, although the Dodd-Frank Act provides for regulation of the derivatives market. In particular, some of our funds utilize prime brokerage arrangements with a relatively limited number of counterparties, which has the effect of concentrating the transaction volume (and related counterparty default risk) of these funds with these counterparties.

Our funds are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur suddenly and without notice to us. Moreover, if a counterparty defaults, we may be unable to take action to cover our exposure, either because we lack contractual recourse or because market conditions make it difficult to take effective action. This inability could occur in times of market stress, which is when defaults are most likely to occur.

In addition, our risk management process may not accurately anticipate the impact of market stress or counterparty financial condition, and as a result, we may not have taken sufficient action to reduce our risks effectively. Default risk may arise from events or circumstances that are difficult to detect, foresee or evaluate. In addition, concerns about, or a default by, one large participant could lead to significant liquidity problems for other participants, which may in turn expose us to significant losses.

Although we have risk management processes to ensure that we are not exposed to a single counterparty for significant periods of time, given the large number and size of our funds, we often have large positions with a single counterparty. For example, most of our funds have credit lines. If the lender under one or more of those credit lines were to become insolvent, we may have difficulty replacing the credit line and one or more of our funds may face liquidity problems.

In the event of a counterparty default, particularly a default by a major investment bank or a default by a counterparty to a significant number of our contracts, one or more of our funds may have outstanding trades that they cannot settle or are delayed in settling. As a result, these funds could incur material losses and the resulting market impact of a major counterparty default could harm our businesses, results of operation and financial condition.

In the event of the insolvency of a prime broker, custodian, counterparty or any other party that is holding assets of our funds as collateral, our funds might not be able to recover equivalent assets in full as they will rank among the prime broker's, custodian's or counterparty's unsecured creditors in relation to the assets held as collateral. In addition, our funds' cash held with a prime broker, custodian or counterparty generally will not be segregated from the prime broker's, custodian's or counterparty's own cash, and our funds may therefore rank as unsecured creditors in relation thereto. If our derivatives transactions are cleared through a derivatives clearing organization, the CFTC has issued final rules regulating the segregation and protection of collateral posted by customers of cleared and uncleared swaps. The CFTC is also working to provide new guidance regarding prime broker arrangements and intermediation generally with regard to trading on swap execution facilities.

The counterparty risks that we face have increased in complexity and magnitude as a result of disruption in the financial markets in recent years. For example, in certain areas the number of counterparties we face has increased and may continue to increase, which may result in increased complexity and monitoring costs. Conversely, in certain other areas, the consolidation and elimination of counterparties has increased our concentration of counterparty risk and decreased the universe of potential counterparties, and our funds are generally not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. In addition, counterparties have in the past and may in the future react to market volatility by tightening underwriting standards and increasing margin requirements for all categories of financing, which may decrease the overall amount of leverage available and increase the costs of borrowing.

Underwriting activities by our capital markets services business expose us to risks.

Blackstone Advisory Partners L.P. may act as an underwriter, syndicator or placement agent in securities offerings and, through affiliated entities, loan syndications. We may incur losses and be subject to reputational harm to the extent that, for any reason, we are unable to sell securities or indebtedness we purchased or placed as an underwriter, syndicator or placement agent at the anticipated price levels or at all. As an underwriter, syndicator or placement agent, we also may be subject to liability for material misstatements or omissions in prospectuses and other offering documents relating to offerings we underwrite, syndicate or place.

Risks Related to Our Organizational Structure

Our common unitholders do not elect our general partner or vote on our general partner's directors and have limited ability to influence decisions regarding our business.

Our general partner, Blackstone Group Management L.L.C., which is owned by our senior managing directors, manages all of our operations and activities. Blackstone Group Management L.L.C. has a board of directors that is responsible for the oversight of our business and operations. Our general partner's board of directors is elected in accordance with its limited liability company agreement, where our senior managing directors have agreed that our founder, Stephen A. Schwarzman, will have the power to appoint and remove the directors of our general partner. The limited liability company agreement of our general partner provides that at such time as Mr. Schwarzman should cease to be a founding member, Jonathan D. Gray will thereupon succeed Mr. Schwarzman as the sole founding member of our general partner, and thereafter such power will revert to the members of our general partner (our senior managing directors) holding a majority in interest in our general partner.

Our common unitholders do not elect our general partner or its board of directors and, unlike the holders of common stock in a corporation, have only limited voting rights on matters affecting our business and therefore limited ability to influence decisions regarding our business. Furthermore, if our common unitholders are dissatisfied with the performance of our general partner, they have little ability to remove our general partner. Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than two-thirds of the voting power of our outstanding common units and special voting units (including common units and special voting units held by the general partner and its affiliates) and we receive an opinion of counsel regarding limited liability matters. As of December 31, 2018, Blackstone Partners L.L.C., an entity wholly owned by our personnel and others who are limited partners, had 44.4% of the voting power of The Blackstone Group L.P. limited partners. Therefore, our senior managing directors have the ability to block any removal of our general partner and, given their control of our general partner, control The Blackstone Group L.P.

Blackstone personnel effectively control us and will effectively be able to determine the outcome of those few matters that may be submitted for a vote of the limited partners.

Our senior managing directors generally have sufficient voting power to determine the outcome of those few matters that may be submitted for a vote of the limited partners of The Blackstone Group L.P., including any attempt to remove our general partner, which our senior managing directors have the ability to block.

Our common unitholders' voting rights are further restricted by the provision in our partnership agreement stating that any common units held by a person that beneficially owns 20% or more of any class of The Blackstone Group L.P. common units then outstanding (other than our general partner and its affiliates, or a direct or subsequently approved transferee of our general partner or its affiliates) cannot be voted on any matter. In addition, our partnership agreement contains provisions limiting the ability of our common unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the ability of our common unitholders to influence the manner or direction of our management. Our partnership agreement also does not restrict our general partner's ability to take actions that may result in our being treated as an entity taxable as a corporation for U.S. federal (and applicable state) income tax purposes without the approval of our common unitholders. Furthermore, the common unitholders are not entitled to dissenters' rights of appraisal under our partnership agreement or applicable Delaware law in the event of a merger or consolidation, a sale of substantially all of our assets or any other transaction or event. In addition, we have the right to acquire all of our then outstanding common units if not more than 10% of our common units are held by persons other than our general partner and its affiliates.

As a result of these matters and the provisions referred to under "— Our common unitholders do not elect our general partner or vote on our general partner's directors and have limited ability to influence decisions regarding our business," our common unitholders may be deprived of an opportunity to receive a premium for their common units in the future through a sale of The Blackstone Group L.P., and the trading prices of our common units may be adversely affected by the absence or reduction of a takeover premium in the trading price.

We are a limited partnership and as a result fall within exceptions from certain corporate governance and other requirements under the rules of the New York Stock Exchange.

We are a limited partnership and fall within exceptions from certain corporate governance and other requirements of the rules of the New York Stock Exchange. Pursuant to these exceptions, limited partnerships may elect not to comply with certain corporate governance requirements of the New York Stock Exchange, including the requirements (a) that a majority of the board of directors of our general partner consist of independent directors, (b) that we have a nominating/corporate governance committee that is composed entirely of independent directors (c) that we have a compensation committee that is composed entirely of independent directors, and (d) that the compensation committee be required to consider certain independence factors when engaging compensation consultants, legal counsel and other committee advisers. In addition, we are not required to hold annual meetings of our common unitholders. We will continue to avail ourselves of these exceptions. Accordingly, common unitholders generally do not have the same protections afforded to equityholders of entities that are subject to all of the corporate governance requirements of the New York Stock Exchange.

Potential conflicts of interest may arise among our general partner, its affiliates and us. Our general partner and its affiliates have limited fiduciary duties to us and our common unitholders, which may permit them to favor their own interests to the detriment of us and our common unitholders.

Conflicts of interest may arise among our general partner and its affiliates, on the one hand, and us and our common unitholders, on the other hand. As a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include, among others, the following:

- our general partner determines the amount and timing of our investments and dispositions, indebtedness, issuances of additional partnership interests and amounts of reserves, each of which can affect the amount of cash that is available for distribution to our common unitholders,
- our general partner is allowed to take into account the interests of parties other than us in resolving conflicts of interest, which has the effect of limiting its duties (including fiduciary duties) to our common unitholders. For example, our subsidiaries that serve as the general partners of our investment funds have fiduciary and contractual obligations to the investors in those funds, as a result of which we expect to regularly take actions that might adversely affect our near term results of operations or cash flow,

- because our senior managing directors hold their Blackstone Holdings Partnership Units directly or through entities that are not subject to corporate income taxation and The Blackstone Group L.P. holds Blackstone Holdings Partnership Units through wholly owned subsidiaries, some of which are subject to corporate income taxation, conflicts may arise between our senior managing directors and The Blackstone Group L.P. relating to the selection and structuring of investments,
- other than as set forth in the non-competition and non-solicitation agreements to which our senior managing directors are subject, which may not be enforceable, affiliates of our general partner and existing and former personnel employed by our general partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us,
- our general partner has limited its liability and reduced or eliminated its duties (including fiduciary duties) under the partnership agreement, while also restricting the remedies available to our common unitholders for actions that, without these limitations, might constitute breaches of duty (including fiduciary duty). In addition, we have agreed to indemnify our general partner and its affiliates to the fullest extent permitted by law, except with respect to conduct involving bad faith, fraud or willful misconduct. By purchasing our common units, common unitholders will have agreed and consented to the provisions set forth in our partnership agreement, including the provisions regarding conflicts of interest situations that, in the absence of such provisions, might constitute a breach of fiduciary or other duties under applicable state law,
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered, or from entering into additional contractual arrangements with any of these entities on our behalf, so long as the terms of any such additional contractual arrangements are fair and reasonable to us as determined under the partnership agreement,
- our general partner determines how much debt we incur and that decision may adversely affect our credit ratings,
- our general partner determines which costs incurred by it and its affiliates are reimbursable by us,
- our general partner controls the enforcement of obligations owed to us by it and its affiliates, and
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us.

See “Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence” and “Part III. Item 10. Directors, Executive Officers and Corporate Governance — Partnership Management and Governance — Conflicts Committee.”

Our partnership agreement contains provisions that reduce or eliminate duties (including fiduciary duties) of our general partner and limit remedies available to common unitholders for actions that might otherwise constitute a breach of duty. It will be difficult for a common unitholder to successfully challenge a resolution of a conflict of interest by our general partner or by its conflicts committee.

Our partnership agreement contains provisions that waive or consent to conduct by our general partner and its affiliates that might otherwise raise issues about compliance with fiduciary duties or applicable law. For example, our partnership agreement provides that when our general partner is acting in its individual capacity, as opposed to in its capacity as our general partner, it may act without any fiduciary obligations to us or our common unitholders whatsoever. When our general partner, in its capacity as our general partner, is permitted to or required to make a decision in its “sole discretion” or “discretion” or that it deems “necessary or appropriate” or “necessary or advisable,” then our general partner is entitled to consider only such interests and factors as it desires, including its own interests, and has no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any limited partners and will not be subject to any different standards imposed by the partnership agreement, the Delaware Limited Partnership Act or under any other law, rule or regulation or in equity.

These modifications of fiduciary duties are expressly permitted by Delaware law. Hence, we and our common unitholders only have recourse and are able to seek remedies against our general partner if our general partner breaches its obligations pursuant to our partnership agreement. Unless our general partner breaches its obligations pursuant to our partnership agreement, we and our common unitholders do not have any recourse against our general partner even if our general partner were to act in a manner that was inconsistent with traditional fiduciary duties. Furthermore, even if there has been a breach of the obligations set forth in our partnership agreement, our partnership agreement provides that our general partner and its officers and directors are not liable to us or our common unitholders for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that the general partner or its officers and directors acted in bad faith or engaged in fraud or willful misconduct. These modifications are detrimental to the common unitholders because they restrict the remedies available to common unitholders for actions that without those limitations might constitute breaches of duty (including fiduciary duty).

Whenever a potential conflict of interest exists between us and our general partner, our general partner may resolve such conflict of interest. If our general partner determines that its resolution of the conflict of interest is on terms no less favorable to us than those generally being provided to or available from unrelated third parties or is fair and reasonable to us, taking into account the totality of the relationships between us and our general partner, then it will be presumed that in making this determination, our general partner acted in good faith. A common unitholder seeking to challenge this resolution of the conflict of interest would bear the burden of overcoming such presumption. This is different from the situation with Delaware corporations, where a conflict resolution by an interested party would be presumed to be unfair and the interested party would have the burden of demonstrating that the resolution was fair.

Also, if our general partner obtains the approval of the conflicts committee of our general partner, the resolution will be conclusively deemed to be fair and reasonable to us and not a breach by our general partner of any duties it may owe to us or our common unitholders. This is different from the situation with Delaware corporations, where a conflict resolution by a committee consisting solely of independent directors may, in certain circumstances, merely shift the burden of demonstrating unfairness to the plaintiff. Common unitholders, in purchasing our common units, are deemed as having consented to the provisions set forth in the partnership agreement, including provisions regarding conflicts of interest situations that, in the absence of such provisions, might be considered a breach of fiduciary or other duties under applicable state law. As a result, common unitholders will, as a practical matter, not be able to successfully challenge an informed decision by the conflicts committee. See “Part III. Item 10. Directors, Executive Officers and Corporate Governance — Partnership Management and Governance — Conflicts Committee.”

The control of our general partner may be transferred to a third party without common unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or consolidation without the consent of our common unitholders. Furthermore, at any time, the members of our general partner may sell or transfer all or part of their limited liability company interests in our general partner without the approval of the common unitholders, subject to certain restrictions as described elsewhere in this Annual Report of Form 10-K. A new general partner may not be willing or able to form new investment funds and could form funds that have investment objectives and governing terms that differ materially from those of our current investment funds. A new owner could also have a different investment philosophy, employ investment professionals who are less experienced, be unsuccessful in identifying investment opportunities or have a track record that is not as successful as Blackstone’s track record. If any of the foregoing were to occur, we could experience difficulty in making new investments, and the value of our existing investments, our business, our results of operations and our financial condition could materially suffer.

We intend to pay regular distributions to our common unitholders, but our ability to do so may be limited by cash flow from operations and available liquidity, our holding partnership structure, applicable provisions of Delaware law and contractual restrictions.

Our 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 our funds, to comply with applicable law and 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. All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of our general partner, and may change at any time, including, without limitation, to eliminate such distributions entirely.

The Blackstone Group L.P. is a holding partnership and has no material assets other than the ownership of the partnership units in Blackstone Holdings held through wholly owned subsidiaries. The Blackstone Group L.P. has no independent means of generating revenue. Accordingly, we intend to cause Blackstone Holdings to make distributions to its partners, including The Blackstone Group L.P.'s wholly owned subsidiaries, to fund any distributions The Blackstone Group L.P. may declare on the common units.

Our ability to make cash distributions to our unitholders will depend on a number of factors, including among others general economic and business conditions, our strategic plans and prospects, our business and investment opportunities, our financial condition and operating results, including the timing and extent of our realizations, working capital requirements and anticipated cash needs, contractual restrictions and obligations including fulfilling our current and future capital commitments, legal, tax and regulatory restrictions, restrictions and other implications on the payment of distributions by us to our common unitholders or by our subsidiaries to us and such other factors as our general partner may deem relevant.

Under the Delaware Limited Partnership Act, we may not make a distribution to a partner if after the distribution all our liabilities, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of our assets. If we were to make such an impermissible distribution, any limited partner who received a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partnership Act would be liable to us for the amount of the distribution for three years. In addition, the terms of our revolving credit facility or other financing arrangements may from time to time include covenants or other restrictions that could constrain our ability to make distributions.

The amortization of finite-lived intangible assets and non-cash equity-based compensation results in expenses that may increase the net loss we record in certain periods or cause us to record a net loss in periods during which we would otherwise have recorded net income.

As of December 31, 2018, we have $468.5 million of finite-lived intangible assets (in addition to $1.9 billion of goodwill), net of accumulated amortization. These finite-lived intangible assets are from the IPO and subsequent business acquisitions. We are amortizing these finite-lived intangibles over their estimated useful lives, which range from three to twenty years, using the straight-line method, with a weighted-average remaining amortization period of 8.6 years as of December 31, 2018. We also record non-cash equity-based compensation from grants made in the ordinary course of business and in connection with other business acquisitions. The amortization of these finite-lived intangible assets and of this non-cash equity-based compensation will increase our expenses during the relevant periods. These expenses may increase the net loss we record in certain periods or cause us to record a net loss in periods during which we would otherwise have recorded net income. A substantial and sustained decline in our share price could result in an impairment of intangible assets or goodwill leading to a further reduction in net income or increase to net loss in the relevant period.

We are required to pay our senior managing directors for most of the benefits relating to any additional tax depreciation or amortization deductions we may claim as a result of the tax basis step-up we received as part of the reorganization we implemented in connection with our IPO or receive in connection with future exchanges of our common units and related transactions.

As part of the reorganization we implemented in connection with our IPO, we purchased interests in our business from our pre-IPO owners. In addition, holders of partnership units in Blackstone Holdings (other than The Blackstone Group L.P.'s wholly owned subsidiaries), subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings Partnerships, may up to four times each year (subject to the terms of the exchange agreement) exchange their Blackstone Holdings Partnership Units for The Blackstone Group L.P. common units on a one-for-one basis. A Blackstone Holdings limited partner must exchange one partnership unit in each of the Blackstone Holdings Partnerships to effect an exchange for a common unit. The purchase and subsequent exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of Blackstone Holdings that otherwise would not have been available. These increases in tax basis may increase (for tax purposes) depreciation and amortization and therefore reduce the amount of tax that certain of The Blackstone Group L.P.'s wholly owned subsidiaries that are taxable as corporations for U.S. federal income tax purposes, which we refer to as the "corporate taxpayers," would otherwise be required to pay in the future, although the IRS may challenge all or part of that tax basis increase, and a court could sustain such a challenge.

One of the corporate taxpayers has entered into a tax receivable agreement with our senior managing directors and other pre-IPO owners that provides for the payment by the corporate taxpayer to the counterparties of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the corporate taxpayer actually realizes as a result of these increases in tax basis and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. In addition, additional tax receivable agreements have been executed, and others may continue to be executed, with newly-admitted Blackstone senior managing directors and certain others who receive Blackstone Holdings Partnership Units. This payment obligation is an obligation of the corporate taxpayer and not of Blackstone Holdings. As such, the cash distributions to public common unitholders may vary from holders of Blackstone Holdings Partnership Units (held by Blackstone personnel and others) to the extent payments are made under the tax receivable agreements to selling holders of Blackstone Holdings Partnership Units. As the payments reflect actual tax savings received by Blackstone entities, there may be a timing difference between the tax savings received by Blackstone entities and the cash payments to selling holders of Blackstone Holdings Partnership Units. While the actual increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of our common units at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that as a result of the size of the increases in the tax basis of the tangible and intangible assets of Blackstone Holdings, the payments that we may make under the tax receivable agreements will be substantial. The payments under a tax receivable agreement are not conditioned upon a tax receivable agreement counterparty's continued ownership of us. We may need to incur debt to finance payments under the tax receivable agreement to the extent our cash resources are insufficient to meet our obligations under the tax receivable agreements as a result of timing discrepancies or otherwise.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, the tax receivable agreement counterparties will not reimburse us for any payments previously made under the tax receivable agreement. As a result, in certain circumstances payments to the counterparties under the tax receivable agreement could be in excess of the corporate taxpayer's actual cash tax savings. The corporate taxpayer's ability to achieve benefits from any tax basis increase, and the payments to be made under the tax receivable agreements, will depend upon a number of factors, as discussed above, including the timing and amount of our future income.

If The Blackstone Group L.P. were deemed an "investment company" under the 1940 Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

An entity will generally be deemed to be an "investment company" for purposes of the 1940 Act if: (a) it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities, or (b) absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We believe that we are engaged primarily in the business of providing asset management and capital markets services and not in the business of investing, reinvesting or trading in securities. We also believe that the primary source of income from each of our businesses is properly characterized as income earned in exchange for the provision of services. We hold ourselves out as an asset management and capital markets firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that The Blackstone Group L.P. is an "orthodox" investment company as defined in section 3(a)(1)(A) of the 1940 Act and described in clause (a) in the first sentence of this paragraph. Furthermore, The Blackstone Group L.P. does not have any material assets other than its equity interests in certain wholly owned subsidiaries, which in turn will have no material assets (other than intercompany debt) other than general partner interests in the Blackstone Holdings Partnerships. These wholly owned subsidiaries are the sole general partners of the Blackstone Holdings Partnerships and are vested with all management and control over the Blackstone Holdings Partnerships. We do not believe the equity interests of The Blackstone Group L.P. in its wholly owned subsidiaries or the general partner interests of these wholly owned subsidiaries in the Blackstone Holdings Partnerships are investment securities. Moreover, because we believe that the capital interests of the general partners of our funds in their respective funds are neither securities nor investment securities, we believe that less than 40% of The Blackstone Group L.P.'s total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis are comprised of assets that could be considered investment securities. Accordingly, we do not believe The Blackstone Group L.P. is an inadvertent investment company by virtue of the 40% test in section 3(a)(1)(C) of the 1940 Act as described in clause (b) in the first sentence of this paragraph. In addition, we believe The Blackstone Group L.P. is not an investment company under section 3(b)(1) of the 1940 Act because it is primarily engaged in a non-investment company business.

The 1940 Act and the rules thereunder contain detailed parameters for the organization and operation of investment companies. Among other things, the 1940 Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. We intend to conduct our operations so that The Blackstone Group L.P. will not be deemed to be an investment company under the 1940 Act. If anything were to happen which would cause The Blackstone Group L.P. to be deemed to be an investment company under the 1940 Act, requirements imposed by the 1940 Act, including limitations on our capital structure, ability to transact business with affiliates (including us) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among The Blackstone Group L.P., Blackstone Holdings and our senior managing directors, or any combination thereof, and materially adversely affect our business, financial condition and results of operations. In addition, we may be required to limit the amount of investments that we make as a principal or otherwise conduct our business in a manner that does not subject us to the registration and other requirements of the 1940 Act.

Risks Related to Our Common Units

Our common unit price may decline due to the large number of common units eligible for future sale and for exchange.

The market price of our common units could decline as a result of sales of a large number of common units in the market in the future or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell common units in the future at a time and at a price that we deem appropriate. We had a total of 658,590,547 voting common units outstanding as of February 22, 2019.

Subject to the lock-up restrictions described below, we may issue and sell in the future additional common units. Limited partners of Blackstone Holdings owned an aggregate of 488,222,302 Blackstone Holdings Partnership Units outstanding as of February 22, 2019. In connection with our initial public offering, we entered into an exchange agreement with holders of Blackstone Holdings Partnership Units (other than The Blackstone Group L.P.'s wholly owned subsidiaries) so that these holders, subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings Partnerships, may up to four times each year (subject to the terms of the exchange agreement) exchange their Blackstone Holdings Partnership Units for The Blackstone Group L.P. common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. A Blackstone Holdings limited partner must exchange one partnership unit in each of the Blackstone Holdings Partnerships to effect an exchange for a common unit. The common units we issue upon such exchanges would be "restricted securities," as defined in Rule 144 under the Securities Act, unless we register such issuances. However, we have entered into a registration rights agreement with the limited partners of Blackstone Holdings that requires us to register these common units under the Securities Act and we have filed registration statements that cover the delivery of common units issued upon exchange of Blackstone Holdings Partnership Units. See "Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence — Transactions with Related Persons — Registration Rights Agreement." While the partnership agreements of the Blackstone Holdings Partnerships and related agreements contractually restrict the ability of Blackstone personnel to transfer the Blackstone Holdings Partnership Units or The Blackstone Group L.P. common units they hold and require that they maintain a minimum amount of equity ownership during their employ by us, these contractual provisions may lapse over time or be waived, modified or amended at any time.

As of February 22, 2019, we had granted 16,447,908 outstanding deferred restricted common units and 33,483,874 outstanding deferred restricted Blackstone Holdings Partnership Units to our non-senior managing director professionals and senior managing directors under The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan ("2007 Equity Incentive Plan"). The aggregate number of common units and Blackstone Holdings Partnership Units covered by our 2007 Equity Incentive Plan is increased on the first day of each fiscal year during its term by a number of units equal to the positive difference, if any, of (a) 15% of the aggregate number of common units and Blackstone Holdings Partnership Units outstanding on the last day of the immediately preceding fiscal year (excluding Blackstone Holdings Partnership Units held by The Blackstone Group L.P. or its wholly owned subsidiaries) minus (b) the aggregate number of common units and Blackstone Holdings Partnership Units covered by our 2007 Equity Incentive Plan as of such date (unless the administrator of the 2007 Equity Incentive Plan should decide to increase the number of common units and Blackstone Holdings Partnership Units covered by the plan by a lesser amount). An aggregate of 169,816,710 additional common units and Blackstone Holdings Partnership Units were available for grant under our 2007 Equity Incentive Plan as of February 22, 2019. We have filed a registration statement and intend to file additional registration statements on Form S-8 under the Securities Act to register common units covered by our 2007 Equity Incentive Plan (including pursuant to automatic annual increases). Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, common units registered under such registration statement will be available for sale in the open market.

In connection with the Clarus Acquisition, we have agreed to issue 150,617 common units and 2,553,532 Blackstone Holdings Partnership Units as deferred consideration to certain Clarus-affiliated personnel. These common units and Blackstone Holdings Partnership Units will be issued in installments to the recipients on the third, fourth and fifth anniversaries of the closing of the Clarus Acquisition.

In addition, our partnership agreement authorizes us to issue an unlimited number of additional partnership securities and options, rights, warrants and appreciation rights relating to partnership securities for the consideration and on the terms and conditions established by our general partner in its sole discretion without the approval of any limited partners. In accordance with the Delaware Limited Partnership Act and the provisions of our partnership agreement, we may also issue additional partnership interests that have certain designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to common units. Similarly, the

Blackstone Holdings partnership agreements authorize the wholly owned subsidiaries of The Blackstone Group L.P. which are the general partners of those partnerships to issue an unlimited number of additional partnership securities of the Blackstone Holdings Partnerships with such designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the Blackstone Holdings Partnership Units, and which may be exchangeable for our common units.

The market price of our common units may be volatile, which could cause the value of your investment to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of common units in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response the market price of our common units could decrease significantly. You may be unable to resell your common units at or above the price you paid for them.

Risks Related to United States Taxation

Our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of common unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the U.S. Internal Revenue Service, or “IRS,” and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. federal income tax treatment of an investment in our common units may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. Changes to the U.S. federal income tax laws and interpretations thereof could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes that is not taxable as a corporation (referred to as the “Qualifying Income Exception”), affect or cause us to change our investments and commitments, affect the tax considerations of an investment in us, change the character or treatment of portions of our income (including, for instance, the longer three-year holding period requirement for carried interest to be treated as long-term capital gain under the Tax Reform Bill) and adversely affect an investment in our common units. See, for example, the discussion above under “— In past years, there have been legislative proposals to tax certain publically traded partnerships as corporations. If these proposals were enacted and applied to us, our effective tax rate could increase significantly.”

Our organizational documents and governing agreements permit our general partner to modify our amended and restated limited partnership agreement from time to time, without the consent of the common unitholders, to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all common unitholders. Our general partner may, without the consent of the unitholders, take actions that would cause us to be taxed as a corporation for U.S. federal income tax purposes. Such actions could result in a taxable event to our unitholders where gain or loss is recognized. In addition, among other potential adverse consequences, becoming taxed as a corporation for U.S. federal income tax purposes would subject all of our future net income to a level of corporate tax, which may reduce the amount of cash available for distribution or reinvestment.

Moreover, we will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to common unitholders in a manner that reflects such common unitholders’ beneficial ownership of partnership items, taking into account variation in unitholder ownership interests during each taxable year because of trading activity. More specifically, our allocations of items of taxable

income and loss between transferors and transferees of our units will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the unitholders in proportion to the number of units owned by each of them determined as of the opening of trading of our units on the New York Stock Exchange on the first business day of every month. As a result, a unitholder transferring units may be allocated income, gain, loss and deductions realized after the date of transfer. However, those assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. The IRS could potentially assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Internal Revenue Code and/or Treasury regulations and could require that items of income, gain, deductions, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects common unitholders.

If we were treated as a corporation for U.S. federal income tax or state tax purposes, then our distributions to our common unitholders may be substantially reduced and the value of our common units would be adversely affected.

We are currently being treated as a partnership for U.S. federal income tax purposes, which requires that 90% or more of our gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal Revenue Code and that The Blackstone Group L.P. not be registered under the 1940 Act. Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We may not meet these requirements or current law may change so as to cause, in either event, us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject to U.S. federal income tax. We have not requested, and do not plan to request, a ruling from the IRS on this or any other matter affecting us. Moreover, our general partner may elect to take actions that result in our being treated as an entity taxable as a corporation for U.S. federal (and applicable state) income tax purposes without the approval of our common unitholders.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate. Distributions to our common unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to common unitholders. Because a tax would be imposed upon us as a corporation, our distributions to our common unitholders may be substantially reduced, which could cause a substantial reduction in the value of our common units. The same changes would result if our general partner caused us to be taxed as a corporation for U.S. federal income tax purposes.

Current law may change, causing us to be treated as a corporation for U.S. federal or state income tax purposes or otherwise subjecting us to entity level taxation. See, for example, "— In past years, there have been legislative proposals to tax certain publically traded partnerships as corporations. If these proposals were enacted and applied to us, our effective tax rate could increase significantly," and "— States and local jurisdictions have considered and are considering changes to the income tax treatment of carried interest and partnerships generally that could if enacted cause us to incur a material increase in our tax liability and/or cause carried interest or other income allocable to holders of our common units to be subject to state or local income tax at higher rates than under current law."

Our common unitholders may be subject to U.S. federal income tax on their share of our taxable income, regardless of whether they receive any cash distributions from us.

As long as 90% of our gross income for each taxable year constitutes qualifying income as defined in Section 7704 of the Internal Revenue Code and we are not required to register as an investment company under the 1940 Act on a continuing basis, and assuming there is no change in law or relevant change in our structure, we will be treated, for U.S. federal income tax purposes, as a partnership and not as an association or a publicly traded partnership taxable as a corporation. Accordingly, each unitholder will be required to take into account its allocable share of items of income, gain, loss and deduction of the Partnership. Distributions to a unitholder will generally be taxable to the unitholder for U.S. federal income tax purposes only to the extent the amount distributed exceeds the

unitholder's tax basis in the unit. That treatment contrasts with the treatment of a shareholder in a corporation. For example, a shareholder in a corporation who receives a distribution of earnings from the corporation will generally report the distribution as dividend income for U.S. federal income tax purposes. In contrast, a holder of our units who receives a distribution of earnings from us will not report the distribution as dividend income (and will treat the distribution as taxable only to the extent the amount distributed exceeds the unitholder's tax basis in the units), but will instead report the holder's allocable share of items of our income for U.S. federal income tax purposes. As a result, our common unitholders may be subject to U.S. federal, state, local and possibly, in some cases, foreign income taxation on their allocable share of our items of income, gain, loss, deduction and credit (including our allocable share of those items of any entity in which we invest that is treated as a partnership or is otherwise subject to tax on a flow-through basis) for each of our taxable years ending with or within your taxable year, regardless of whether or not a common unitholder receives cash distributions from us.

Our common unitholders may not receive cash distributions equal to their allocable share of our net taxable income or even the tax liability that results from that income. In addition, certain of our holdings, including holdings, if any, in a Controlled Foreign Corporation, or "CFC," and a Passive Foreign Investment Company, or "PFIC," may produce taxable income prior to the receipt of cash relating to such income, and common unitholders that are U.S. taxpayers will be required to take such income into account in determining their taxable income. In the event of an inadvertent termination of our partnership status for which the IRS has granted us limited relief, each holder of our common units may be obligated to make such adjustments as the IRS may require to maintain our status as a partnership. Such adjustments may require persons holding our common units to recognize additional amounts in income during the years in which they hold such units.

The Blackstone Group L.P.'s interest in certain of our businesses are held through Blackstone Holdings I/II GP Inc. or Blackstone Holdings IV GP L.P., which are treated as corporations for U.S. federal income tax purposes; such corporations may be liable for significant taxes and may create other adverse tax consequences, which could potentially adversely affect the value of your investment.

In light of the publicly traded partnership rules under U.S. federal income tax law and other requirements, The Blackstone Group L.P. holds its interest in certain of our businesses through Blackstone Holdings I/II GP Inc. or Blackstone Holdings IV GP L.P., which are treated as corporations for U.S. federal income tax purposes. Each such corporation could be liable for significant U.S. federal income taxes and applicable state, local and other taxes that would not otherwise be incurred, which could adversely affect the value of our common units.

Complying with certain tax-related requirements may cause us to invest through foreign or domestic corporations subject to corporate income tax or enter into acquisitions, borrowings, financings or arrangements we may not have otherwise entered into.

In order for us to be treated as a partnership for U.S. federal income tax purposes and not as an association or publicly traded partnership taxable as a corporation, we must meet the Qualifying Income Exception discussed above on a continuing basis and we must not be required to register as an investment company under the 1940 Act. In order to effect such treatment, we (or our subsidiaries) may be required to invest through foreign or domestic corporations subject to corporate income tax, or enter into acquisitions, borrowings, financings or other transactions we may not have otherwise entered into. This may adversely affect our ability to operate solely to maximize our cash flow.

Tax gain or loss on disposition of our common units could be more or less than expected.

If a holder of our common units sells the common units it holds, it will recognize a gain or loss equal to the difference between the amount realized and the adjusted tax basis in those common units. Prior distributions to such common unitholder in excess of the total net taxable income allocated to such common unitholder, which decreased the tax basis in its common units, will in effect become taxable income to such common unitholder if the common units are sold at a price greater than such common unitholder's tax basis in those common units, even if the price is

less than the original cost. A portion of the amount realized, whether or not representing gain, may be ordinary income to such common unitholder.

If we were not to make, or cause to be made, an otherwise available election under Section 754 of the Internal Revenue Code to adjust our asset basis or the asset basis of certain of the Blackstone Holdings Partnerships, a holder of common units could be allocated more taxable income in respect of those common units prior to disposition than if such an election were made.

We currently do not intend to make, or cause to be made, an election to adjust asset basis under Section 754 of the Internal Revenue Code with respect to us, Blackstone Holdings III L.P. or Blackstone Holdings IV L.P. As a result, there will generally be no adjustment to the basis of the assets of Blackstone Holdings III L.P. or Blackstone Holdings IV L.P. upon a subsequent transferee's acquisition of common units from a prior holder of such common units, even if the purchase price for those interests or units, as applicable, is greater than the share of the aggregate tax basis of our assets or the assets of Blackstone Holdings III L.P. or Blackstone Holdings IV L.P. attributable to those interests or units immediately prior to the acquisition. Consequently, upon a sale of an asset by us, Blackstone Holdings III L.P. or Blackstone Holdings IV L.P., gain allocable to a holder of common units could include built-in gain in the asset existing at the time we acquired those interests, or such holder acquired such units, which built-in gain would otherwise generally be eliminated if a Section 754 election had been made.

Non-U.S. persons face unique U.S. tax issues from owning common units that may result in adverse tax consequences to them.

In light of our investment activities, we will be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes, which may cause some portion of our income to be treated as effectively connected income with respect to non-U.S. holders, or "ECI." Moreover, dividends paid by an investment that we make in a REIT that are attributable to gains from the sale of U.S. real property interests and sales of certain investments in interests in U.S. real property, including stock of certain U.S. corporations owning significant U.S. real property, may be treated as ECI with respect to certain non-U.S. holders. In addition, certain income of non-U.S. holders from U.S. sources not connected to any such U.S. trade or business conducted by us could be treated as ECI. To the extent our income is treated as ECI, non-U.S. holders generally would be subject to withholding tax on their allocable shares of such income, would be required to file a U.S. federal income tax return for such year reporting their allocable shares of income effectively connected with such trade or business and any other income treated as ECI, and would be subject to U.S. federal income tax at regular U.S. tax rates on any such income (state and local income taxes and filings may also apply in that event). Non-U.S. holders that are corporations may also be subject to a 30% branch profits tax on their allocable share of such income. In addition, certain income from U.S. sources that is not ECI allocable to non-U.S. holders may be reduced by withholding taxes imposed at the highest effective applicable tax rate. Any gain recognized by a non-U.S. holder on the sale or exchange of common units that is deemed to be effectively connected with a U.S. trade or business will also be treated as ECI. Under the Tax Reform Bill, unless an applicable non-foreign person affidavit is furnished or another exception applies, if any portion of gain, on a disposition of an interest in us would be treated as ECI, the transferee of an interest in us is required to withhold 10% of the amount realized on such disposition (and we could be required to withhold from future distributions to the transferee if the transferee fails to properly withhold). The U.S. Treasury Department and IRS have announced the temporary suspension of such withholding tax provisions with respect to any disposition of an interest in a publicly traded partnership until regulations or other guidance has been issued. Such withholding tax provisions, when effective for publicly traded partnerships, could impose material tax and administrative burdens on us and our unitholders.

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them.

In light of our investment activities, we will be treated as deriving income that constitutes "unrelated business taxable income," or "UBTI." Consequently, a holder of common units that is a tax-exempt organization may be subject to "unrelated business income tax" to the extent that its allocable share of our income consists of UBTI. A

tax-exempt partner of a partnership could be treated as earning UBTI if the partnership regularly engages in a trade or business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-financed property or if the partnership interest itself is debt-financed.

We cannot match transferors and transferees of common units, and we have therefore adopted certain income tax accounting positions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we have adopted depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our common unitholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of common units and could have a negative impact on the value of our common units or result in audits of and adjustments to our common unitholders' tax returns.

Common unitholders will be subject to state and local taxes and return filing requirements as a result of investing in our common units.

In addition to U.S. federal income taxes, our common unitholders are subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if our common unitholders do not reside in any of those jurisdictions. Our common unitholders are likely to be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, common unitholders may be subject to penalties for failure to comply with those requirements. The filing of all U.S. federal, state and local tax returns that may be required of a common unitholder is the responsibility of such common unitholder.

While we anticipate that we will be able to provide to each unitholder specific tax information within 90 days after the close of each calendar year, we cannot guarantee this will be the case. To the extent we are unable to furnish the information within 90 days, holders of common units who are U.S. taxpayers may need to file a request for an extension of the due date of their income tax return. In addition, common unitholders may be required to file amended income tax returns.

It may require longer than 90 days after the end of our fiscal year to obtain the requisite information from all lower-tier entities so that K-1s may be prepared for the Partnership. For this reason, holders of common units who are U.S. taxpayers should anticipate the need to file annually with the IRS (and certain states) a request for an extension past April 15 or the otherwise applicable due date of their income tax return for the taxable year. In addition, common unitholders may be required to file amended income tax returns as a result of adjustments to items on the corresponding income tax returns of the partnership. Any obligation for a unitholder to file amended income tax returns for that or any other reason, including any costs incurred in the preparation or filing of such returns, is the responsibility of each common unitholder.

Certain U.S. holders of common units are subject to additional tax on "net investment income."

U.S. holders that are individuals, estates or trusts are currently subject to a Medicare tax of 3.8% on "net investment income" (or undistributed "net investment income," in the case of estates and trusts) for each taxable year, with such tax applying to the lesser of such income or the excess of such person's adjusted gross income (with certain adjustments) over a specified amount. Net investment income includes net income from interest, dividends, annuities, royalties and rents and net gain attributable to the disposition of investment property. Net income and gain attributable to an investment in the Partnership will be included in a U.S. holder's "net investment income" subject to this Medicare tax.

We may be liable for adjustments to our tax returns as a result of partnership audit legislation.

Legislation enacted in 2015 significantly changed the rules for U.S. federal income tax audits of partnerships. Such audits will be conducted at the partnership level, and unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. Under an elective alternative procedure, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. If a partnership elects the alternative procedure for a given adjustment, the amount of taxes for which its partners would be liable would be increased by any applicable penalties and a special interest charge. There can be no assurance that we will be eligible to make such an election or that we will, in fact, make such an election for any given adjustment. If we do not or are not able to make such an election, then (a) our then-current common unitholders, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had we elected the alternative procedure, and (b) a given common unitholder may indirectly bear taxes attributable to income allocable to other common unitholders or former common unitholders, including taxes (as well as interest and penalties) with respect to periods prior to such holder’s ownership of common units. Amounts available for distribution to our common unitholders may be reduced as a result of our obligation to pay any taxes associated with an adjustment. Many issues and the overall effect of this legislation on us are uncertain, and common unitholders should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in leased office space at 345 Park Avenue, New York, New York. As of December 31, 2018, we also leased offices in Dublin, Hong Kong, London, Mumbai, Singapore, Sydney, Tokyo and other cities around the world. We do not own any real property. We consider these facilities to be suitable and adequate for the management and operations of our business.

ITEM 3. LEGAL PROCEEDINGS

We may from time to time be involved in litigation and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us. See “— Item 1A. Risk Factors” above. We are not currently subject to any pending legal (including judicial, regulatory, administrative or arbitration) proceedings that we expect to have a material impact on our consolidated financial statements. However, given the inherent unpredictability of these types of proceedings and the potentially large and/or indeterminate amounts that could be sought, an adverse outcome in certain matters could have a material effect on Blackstone’s financial results in any particular period.

In December 2017, a purported derivative suit (*Mayberry v. KKR & Co., L.P., et al.*) was filed in the Commonwealth of Kentucky Franklin County Circuit Court on behalf of the Kentucky Retirement System (“KRS”) by eight of its members and beneficiaries alleging various breaches of fiduciary duty and other violations of Kentucky state law in connection with KRS’s investment in three hedge funds of funds, including a fund managed by Blackstone Alternative Asset Management L.P. (“BAAM L.P.”). The suit names more than 30 defendants, including The Blackstone Group L.P.; BAAM L.P.; Stephen A. Schwarzman, as Chairman and CEO of Blackstone; and J. Tomilson Hill, as then-President and CEO of the Hedge Fund Solutions Group, Vice Chairman of Blackstone and CEO of BAAM (collectively, the “Blackstone Defendants”). Aside from the Blackstone Defendants, the action also names current and former KRS trustees and former KRS officers and various other service providers to KRS and their related persons.

The plaintiffs filed an amended complaint in January 2018. In November 2018, the Circuit Court granted one defendant's motion to dismiss and denied all other defendants' motions to dismiss, including those of the Blackstone Defendants. In January 2019, certain of the KRS trustee and officer defendants noticed appeals from the denial of the motions to dismiss to the Kentucky Court of Appeals, and also filed a motion to stay the Mayberry proceedings in Circuit Court pending the outcome of those appeals. In addition, several defendants, including Blackstone and BAAM L.P., filed petitions in the Kentucky Court of Appeals for a writ of prohibition against the ongoing Mayberry proceedings on the ground that the plaintiffs lack standing.

Blackstone believes that this suit is totally without merit and intends to defend it vigorously.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common units representing limited partner interests are traded on the New York Stock Exchange ("NYSE") under the symbol "BX." Our common units began trading on the NYSE on June 22, 2007.

The number of holders of record of our common units as of February 22, 2019 was 76. This does not include the number of unitholders that hold common units in "street name" through banks or broker-dealers.

The following table sets forth the quarterly per unit common unitholder distributions earned for the periods indicated. Each quarter's distributions are declared and paid in the following quarter.

	2018	2017
First Quarter	$0.35	$0.87
Second Quarter	0.58	0.54
Third Quarter	0.64	0.44
Fourth Quarter	0.58	0.85
	$2.15	$2.70

Cash Distribution Policy

Our 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 and 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 distributed could also be adjusted upward in any one quarter.

For Blackstone's definition of Distributable Earnings, see "— Key Financial Measures and Indicators" in the "— Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of our general partner, and our general partner may change our distribution policy at any time, including, without limitation, to eliminate such distributions entirely.

Because The Blackstone Group L.P. is a holding partnership and has no material assets other than its ownership of partnership units in Blackstone Holdings held through wholly owned subsidiaries, we fund distributions by The Blackstone Group L.P., if any, in three steps:

- First, we cause Blackstone Holdings to make distributions to its partners, including The Blackstone Group L.P.'s wholly owned subsidiaries. If Blackstone Holdings makes such distributions, the limited partners of Blackstone Holdings will be entitled to receive equivalent distributions pro-rata based on their partnership interests in Blackstone Holdings (except as set forth in the following paragraph),
- Second, we cause The Blackstone Group L.P.'s wholly owned subsidiaries to distribute to The Blackstone Group L.P. their share of such distributions, net of the taxes and amounts payable under the tax receivable agreements by such wholly owned subsidiaries, and
- Third, The Blackstone Group L.P. distributes its net share of such distributions to our common unitholders on a pro-rata basis.

Because the wholly owned subsidiaries of The Blackstone Group L.P. must pay taxes and make payments under the tax receivable agreements described in Note 17. "Related Party Transactions" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data," the amounts ultimately distributed by The Blackstone Group L.P. to its common unitholders are generally expected to be less, on a per unit basis, than the amounts distributed by the Blackstone Holdings Partnerships to the Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships in respect of their Blackstone Holdings Partnership Units.

In addition, the partnership agreements of the Blackstone Holdings Partnerships provide for cash distributions, which we refer to as "tax distributions," to the partners of such partnerships if the wholly owned subsidiaries of The Blackstone Group L.P. which are the general partners of the Blackstone Holdings Partnerships determine that the taxable income of the relevant partnership will give rise to taxable income for its partners. Generally, these tax distributions will be computed based on our estimate of the net taxable income of the relevant partnership allocable to a partner multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character of our income). The Blackstone Holdings Partnerships will make tax distributions only to the extent distributions from such partnerships for the relevant year were otherwise insufficient to cover such estimated assumed tax liabilities.

Under the Delaware Limited Partnership Act, we may not make a distribution to a partner if after the distribution all our liabilities, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of our assets. If we were to make such an impermissible distribution, any limited partner who received a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Limited Partnership Act would be liable to us for the amount of the distribution for three years. In addition, the terms of our revolving credit facility or other financing arrangements may from time to time include covenants or other restrictions that could constrain our ability to make distributions.

Unit Repurchases in the Fourth Quarter of 2018

The following table sets forth information regarding repurchases of our common units during the quarter ended December 31, 2018:

Period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Units that May Yet Be Purchased Under the Program (Dollars in Thousands) (a)
Oct. 1 - Oct. 31, 2018	1,366,666	$ 31.97	1,366,666	$ 666,241
Nov. 1 - Nov. 30, 2018	4,228,700	$ 33.45	4,228,700	$ 524,797
Dec. 1 - Dec. 31, 2018	2,204,634	$ 30.07	2,204,634	$ 458,499
	7,800,000		7,800,000	

(a) On April 16, 2018, the Board of Directors of our general partner, Blackstone Group Management L.L.C., authorized the repurchase of up to $1.0 billion of Blackstone common units and Blackstone Holdings Partnership Units. Under the unit repurchase program, units may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of units repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The unit repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date. See "— Item 8. Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 15. Net Income Per Common Unit" and "— Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Sources and Uses of Liquidity" for further information regarding this unit repurchase program.

As permitted by our policies and procedures governing transactions in our securities by our directors, executive officers and other employees, from time to time some of these persons may establish plans or arrangements complying with Rule 10b5-1 under the Exchange Act, and similar plans and arrangements relating to our common units and Blackstone Holdings Partnership Units.

Recent Sale of Unregistered Securities

On November 30, 2018, Blackstone closed the Clarus Acquisition. In connection with the Clarus Acquisition, certain management and other equityholders of Clarus acquired an aggregate of 1,506,163 Blackstone Holdings Partnership Units, which are exchangeable on a one-for-one basis for common units representing limited partner interests in The Blackstone Group L.P. The Blackstone Holdings Partnership Units and the underlying common units were not registered under the Securities Act and were issued in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act on the basis that such issuance did not involve any public offering.

ITEM 6. SELECTED FINANCIAL DATA

The consolidated statements of financial condition and income data as of and for each of the five years ended December 31, 2018 have been derived from our consolidated financial statements. The audited Consolidated Statements of Financial Condition as of December 31, 2018 and 2017 and the Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016 are included in "Part II. Item 8. Financial Statements and Supplementary Data" of this filing. The audited Consolidated Statements of Financial Condition as of December 31, 2016, 2015 and 2014 and the Consolidated Statements of Operations for the years ended December 31, 2015 and 2014 are not included in this Form 10-K. Historical results are not necessarily indicative of results for any future period.

Effective January 1, 2018, Blackstone adopted new GAAP guidance on revenue recognition and implemented a change in accounting principal related to carried interest and incentive allocations, which are now accounted for under the GAAP guidance for equity method investments and are presented within Total Investment Income in the table below. Historical results for 2017 and 2016 have been recast to reflect these changes, while historical results for 2015 and 2014 have not been recast to reflect the adopted guidance. A complete description of the changes can be found in Note 2. "Summary of Significant Accounting Policies — Recent Accounting Developments" in the "Notes to Consolidated Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data" of this filing.

The selected consolidated financial data should be read in conjunction with "— Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this Form 10-K:

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in Thousands)				
Revenues					
Management and Advisory Fees, Net	$3,027,796	$2,751,322	$2,464,290	$2,542,505	$2,497,252
Incentive Fees	57,540	242,514	149,928	156,378	156,235
Total Investment Income	2,903,659	4,144,712	2,381,604	1,844,930	4,752,027
Interest and Dividend Revenue and Other	844,264	6,467	150,477	102,739	79,214
Total Revenues	6,833,259	7,145,015	5,146,299	4,646,552	7,484,728
Expenses					
Total Compensation and Benefits	2,674,691	2,933,523	2,202,986	2,290,751	3,154,371
General, Administrative and Other	594,873	488,582	541,624	576,103	549,463
Interest Expense	163,990	197,486	152,654	144,522	121,524
Fund Expenses	78,486	132,787	52,181	79,499	30,498
Total Expenses	3,512,040	3,752,378	2,949,445	3,090,875	3,855,856
Other Income					
Reduction of Tax Receivable Agreement Liability	—	403,855	—	82,707	—
Net Gains from Fund Investment Activities	191,722	321,597	184,750	176,364	357,854
Total Other Income	191,722	725,452	184,750	259,071	357,854
Income Before Provision for Taxes	3,512,941	4,118,089	2,381,604	1,814,748	3,986,726
Provision for Taxes	249,390	743,147	132,362	190,398	291,173
Net Income	3,263,551	3,374,942	2,249,242	1,624,350	3,695,553
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,104)	13,806	3,977	11,145	74,794
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	358,878	497,439	246,152	219,900	335,070
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,364,989	1,392,323	960,099	683,516	1,701,100
Net Income Attributable to The Blackstone Group L.P.	$1,541,788	$1,471,374	$1,039,014	$ 709,789	$1,584,589

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in Thousands)				
Net Income Per Common Unit, Basic and Diluted					
Common Units, Basic	$2.27	$2.21	$1.60	$1.12	$2.60
Common Units, Diluted	$2.26	$2.21	$1.56	$1.04	$2.58
Distributions Declared Per Common Unit (a)	$2.42	$2.32	$1.66	$2.90	$1.92

(a) Distributions declared reflects the calendar date of declaration for each distribution. The fourth quarter distribution, if any, for any fiscal year will be declared and paid in the subsequent fiscal year.

	December 31,				
	2018	2017	2016	2015	2014
	(Dollars in Thousands)				
Statement of Financial Condition Data					
Total Assets (a)	$ 28,924,650	$ 34,415,919	$ 26,386,650	$ 22,526,080	$ 31,497,097
Senior Notes	$ 3,471,151	$ 3,514,815	$ 3,399,922	$ 2,797,060	$ 2,136,706
Total Liabilities (a)	$ 15,170,564	$ 20,692,828	$ 13,879,169	$ 10,295,623	$ 14,163,550
Redeemable Non-Controlling Interests in Consolidated Entities (a)	$ 141,779	$ 210,944	$ 185,390	$ 183,459	$ 2,441,854
Total Partners' Capital	$ 13,612,307	$ 13,512,147	$ 12,322,091	$ 12,046,998	$ 14,891,693

(a) The decrease in Total Assets and Total Liabilities from December 31, 2017 to December 31, 2018 is primarily due to the deconsolidation of CLOs and other fund entities, partially offset by the launch of new consolidated CLOs. The increase in Total Assets and Total Liabilities from December 31, 2016 to December 31, 2017 is principally due to new consolidated CLO vehicles managed by our Credit segment. The decrease in total assets, total liabilities and redeemable non-controlling interests in consolidated entities from December 31, 2014 to December 31, 2015 was principally due to the adoption as of January 1, 2015 of new accounting consolidation guidance which resulted in the deconsolidation of certain Blackstone Funds.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with The Blackstone Group L.P.'s consolidated financial statements and the related notes included within this Annual Report on Form 10-K.

Our Business

Blackstone is one of the largest independent managers of private capital in the world. Our business is organized into four segments:

- **Real Estate.** Our real estate group is one of the largest real estate investment managers in the world. We operate as one globally integrated business, with investments in North America, Europe, Asia and Latin America. Our real estate investment team seeks to establish a differentiated view and capitalizes on our scale and proprietary information advantages to invest with conviction and generate attractive risk-adjusted returns for our investors over the long-term.

  Our Blackstone Real Estate Partners ("BREP") funds are geographically diversified and target a broad range of "opportunistic" real estate and real estate related investments. The BREP funds include global funds as well as funds focused specifically on Europe or Asia investments. We seek to acquire high quality, well-located yet undermanaged assets at an attractive basis, address any property or business issues through active asset management and sell the assets once our business plan is accomplished. BREP has made significant investments in hotels, office buildings, industrial assets, residential and shopping centers, as well as a variety of real estate operating companies.

  Our core+ real estate business, Blackstone Property Partners ("BPP") has assembled a global portfolio of high quality core+ investments across the U.S., Europe and Asia. We manage several core+ real estate funds, which target substantially stabilized assets in prime markets with a focus on industrial, multifamily, office and retail assets.

  BREIT, a non-exchange traded real estate investment trust ("REIT"), is focused on investing primarily in stabilized income-oriented commercial real estate in the U.S.

  Our Blackstone Real Estate Debt Strategies ("BREDS") vehicles target debt investment opportunities collateralized by commercial real estate in both public and private markets, primarily in the U.S. and Europe. BREDS' scale and investment mandates enable it to provide a variety of lending and investment options including mezzanine loans, senior loans and liquid securities. The BREDS platform includes a number of high yield real estate debt funds, liquid real estate debt funds and BXMT, a NYSE-listed REIT.

- **Private Equity.** We are a world leader in private equity investing, having managed seven general private equity funds, as well as three sector-focused funds and a geographically-focused fund, since we established this business in 1987. Our Private Equity segment includes our corporate private equity business, which consists of (a) our flagship private equity funds (Blackstone Capital Partners ("BCP") funds), (b) our sector-focused private equity funds, including our energy-focused funds (Blackstone Energy Partners ("BEP") funds), (c) our Asia-focused fund (Blackstone Capital Partners Asia ("BCP Asia") fund) and (d) our core private equity fund, Blackstone Core Equity Partners ("BCEP"). In addition, our Private Equity segment includes (a) our opportunistic investment platform that invests globally across asset classes, industries and geographies, Blackstone Tactical Opportunities ("Tactical Opportunities"), (b) our secondary fund of funds business, Strategic Partners Fund Solutions ("Strategic Partners"), (c) our infrastructure-focused funds, Blackstone Infrastructure Partners ("BIP"), (d) our life sciences private investment platform, Blackstone Life Sciences ("BXLS"), (e) a multi-asset investment program for eligible high net worth investors offering exposure to certain of Blackstone's key illiquid investment strategies through a single commitment, Blackstone Total Alternatives Solution ("BTAS") and (f) our capital markets services business, Blackstone Capital Markets ("BXCM").

  Our corporate private equity business pursues transactions throughout the world across a variety of transaction types, including large buyouts, mid-cap buyouts, buy and build platforms (which involve

multiple acquisitions behind a single management team and platform) and growth equity/development projects (which involve significant minority investments in mature companies and greenfield development projects in energy and power). Within our corporate private equity business, our core private equity fund targets control-oriented investments in high quality companies with durable businesses and seeks to offer a lower level of risk and a longer hold period than traditional private equity. Tactical Opportunities invests globally across asset classes, industries and geographies, seeking to identify and execute on attractive, differentiated investment opportunities, leveraging the intellectual capital across our various businesses while continuously optimizing its approach in the face of ever-changing market conditions. Strategic Partners is a total fund solutions provider that acquires interests in high quality private funds from original holders seeking liquidity, co-investments alongside financial sponsors and provides investment advisory services to clients investing in primary and secondary investments in private funds and co-investments. BIP focuses on infrastructure investments in the energy, transportation, communications and water and waste sectors.

- **Hedge Fund Solutions.** The largest component of our Hedge Fund Solutions segment is Blackstone Alternative Asset Management ("BAAM"). BAAM is the world's largest discretionary allocator to hedge funds, managing a broad range of commingled and customized fund solutions since its inception in 1990. The Hedge Fund Solutions segment also includes investment platforms that seed new hedge fund businesses, purchase minority ownership interests in more established hedge funds, invest in special situation opportunities, create alternative solutions in the form of mutual funds and UCITS and trade directly.
- **Credit.** Our Credit segment consists principally of GSO Capital Partners LP ("GSO"). GSO is one of the largest credit alternative asset managers in the world and is the largest manager of collateralized loan obligations ("CLOs") globally. The investment portfolios of the funds GSO manages or sub-advises predominantly consist of loans and securities of non-investment grade companies spread across the capital structure including senior debt, subordinated debt, preferred stock and common equity.

  The GSO business is organized into three overarching strategies: performing credit, distressed and long only. Our performing credit strategies include mezzanine lending funds, middle market direct lending funds and other performing credit strategy funds. Our distressed strategies include credit alpha strategies, stressed/distressed funds and energy strategies. GSO's long only strategies consist of CLOs, closed end funds, open ended funds and separately managed accounts.

  In addition, our Credit segment includes our publicly traded master limited partnership ("MLP") investment platform, which is managed by Harvest. Harvest, which was founded in 2005 and subsequently acquired by Blackstone in 2017, primarily invests capital raised from institutional investors in separately managed accounts and pooled vehicles, investing in publicly traded MLPs holding primarily midstream energy assets in the U.S.

  Our insurer-focused platform, BIS, also a part of our Credit segment, delivers to insurers bespoke, capital efficient investments and diversified portfolios of Blackstone products across asset classes tailored to their needs and risk profile.

We generate revenue from fees earned pursuant to contractual arrangements with funds, fund investors and fund portfolio companies (including management, transaction and monitoring fees), and from capital markets services. We invest in the funds we manage and we are entitled to a pro-rata share of the results of the fund (a "pro-rata allocation"). In addition to a pro-rata allocation, and assuming certain investment returns are achieved, we are entitled to a disproportionate allocation of the income otherwise allocable to the limited partners, commonly referred to as carried interest ("Performance Allocations"). In certain structures, we receive a contractual, incentive fee from an investment fund in the event that specified cumulative investment returns are achieved (an "Incentive Fee", and together with Performance Allocations, "Performance Revenues"). The composition of our revenues will vary based on market conditions and the cyclicality of the different businesses in which we operate. Net investment gains and investment income generated by the Blackstone Funds, principally private equity and real estate funds, are

driven by value created by our operating and strategic initiatives as well as overall market conditions. Fair values are affected by changes in the fundamentals of the portfolio company, the portfolio company's industry, the overall economy and other market conditions.

Business Environment

Blackstone's businesses are materially affected by conditions in the financial markets and economic conditions in the U.S., Europe, Asia and, to a lesser extent, elsewhere in the world.

For the first three quarters of 2018, equity indices rose in the U.S., supported by continued healthy economic growth and additional benefits to corporate earnings from the Tax Reform Bill. After reaching record highs in September, U.S. equity indices declined sharply and volatility spiked, as investor sentiment turned negative due to signs of slowing global economic growth, continued monetary policy tightening in the U.S., and concerns over the impact of trade disputes, particularly between the U.S. and China. While underlying fundamentals in the U.S. remain positive, most economists expect slower U.S. and global growth in the near term. The S&P 500 ended the year down 4%, while the Dow and Nasdaq declined 6% and 4%, respectively. During the first six weeks of 2019, U.S. equity markets rebounded and volatility declined.

Globally, other equity indices also declined. The MSCI World index ended the year down 10% while the MSCI Europe index declined 17% and the MSCI Asia index declined 16%. The MSCI Emerging Markets Index was down 17% for the year.

In Europe, economic growth continues to slow amid lower manufacturing exports and ongoing political unrest. As concerns over Brexit persisted, the FTSE 100 declined, ending the year down 13%, with the British pound down 6% versus the U.S. dollar.

In Asia, slower growth, along with trade conflicts and rising U.S. interest rates, contributed to market declines. The Hang Seng index fell 14% and the Nikkei declined 12% for the year. In Japan, GDP contracted in the first quarter of 2018, the first decline since 2015, as private consumption waned. In China, equities posted their worst decline since 2011 amid decelerating economic growth.

The CBOE volatility index more than doubled in 2018, reaching 36.07 in December, before ending the year at 25.42, up 130%. Oil prices declined significantly in the fourth quarter of 2018, with West Texas Intermediate Crude falling 38% to $45 per barrel, down 25% for the year. The S&P 500 Energy Index ended the year down 21% and the Bloomberg Commodity Index declined 13% while the Henry Hub Natural Gas spot price was flat for the year. Despite facing pressure in 2018, oil prices and energy indices both rebounded sharply in the first six weeks of 2019.

In fixed income, the Bloomberg Barclays U.S. Aggregate was flat, U.S. investment grade corporates were down 2.5% and high yield corporates declined 2.1% during the year. The U.S. Federal Reserve continued monetary tightening and raised interest rates four times in 2018, with the current target range set to 2.25-2.5%, but indicated they would be patient with regard to any future adjustments. 10-year U.S. Treasury yields rose to 3.24% in November, the highest level in more than four years, prompting investor concerns over the potential negative impact to values of fixed income and longer duration assets. High yield spreads widened 181 basis points during the year and issuance decreased 39% year over year. Global equity capital markets activity for both initial public offerings and follow-on offerings declined, with year to date 2018 activity down 18% year over year.

U.S. merger and acquisition ("M&A") volume rose 16% during the year, following a strong backlog after the passage of the Tax Reform Bill. Global M&A volume reached $3.4 trillion, its highest level since 2015, and the outlook for deal activity remains positive.

Most economists expect moderate, albeit slowing, economic growth characterized by less synchronized global expansion in the near term, with virtually no signals of a recession in the U.S. in 2019. While global trade tensions and geopolitical instability pose additional risks, the broader outlook remains constructive.

Notable Transactions

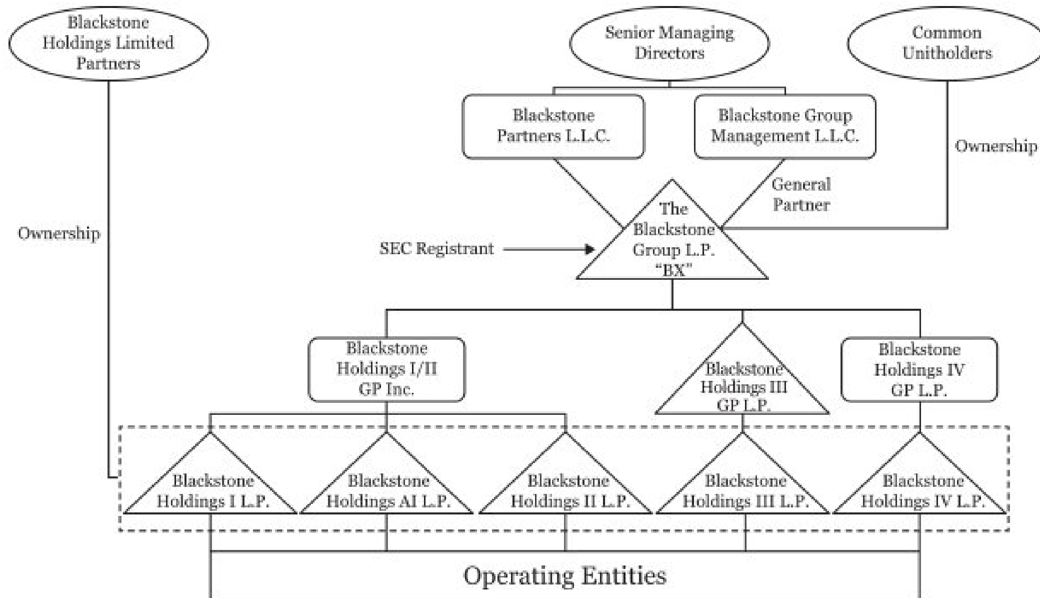
On April 9, 2018, Blackstone concluded its investment sub-advisory relationship with FS Investments' funds (the "FS Funds"), as previously announced. At March 31, 2018, the FS Funds represented $20.0 billion of Total Assets Under Management. As part of the transaction, Blackstone received proceeds from FS Investments of $580.9 million which is recorded as Other Revenues within the Consolidated Statement of Operations for the year ended December 31, 2018. This amount is characterized as a Transaction-Related Charge and therefore is not included in Fee Related Earnings, or Distributable Earnings for the year ended December 31, 2018. Blackstone distributed a portion of the after-tax proceeds to unitholders resulting in an incremental $0.30 per common unit and per Blackstone Holdings Partnership Unit over the second, third and fourth quarters of 2018, of which $0.10 per common unit and Blackstone Holdings Partnership Unit was distributed on each of August 6, 2018, November 5, 2018 and February 19, 2019.

On September 21, 2018, Blackstone Holdings Finance Co L.L.C., an indirect subsidiary of the Partnership, entered into an amended and restated $1.6 billion revolving credit facility. The amendment and restatement to the Issuer's credit facility, among other things, increased the amount of available borrowings and extended the maturity date from August 31, 2021 to September 21, 2023.

On November 30, 2018, Blackstone closed the acquisition of Clarus Ventures, LLC and certain of its affiliates ("Clarus"), a leading global life sciences investment firm that has raised $2.6 billion since its founding. Clarus is focused on funding growth-stage investments, often in partnership with major biopharmaceutical companies through research and development collaborations (the "Clarus Acquisition"). The Clarus Acquisition launched BXLS, a private investment platform with capabilities to invest across the life-cycle of companies and products within the life sciences sector. BXLS is included in our Private Equity segment.

Organizational Structure

The simplified diagram below depicts our current organizational structure. The diagram does not depict all of our subsidiaries, including intermediate holding companies through which certain of the subsidiaries depicted are held.



Key Financial Measures and Indicators

We manage our business using traditional financial measures and key operating metrics since we believe these metrics measure the productivity of our investment activities. We prepare our Consolidated Financial Statements in accordance with GAAP. See Note 2. "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" and "— Critical Accounting Policies." Our key non-GAAP financial measures and operating indicators and metrics are discussed below.

Distributable Earnings

Distributable Earnings, 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. Distributable Earnings is the sum of Segment Distributable Earnings plus Net Interest Income (Loss) less Taxes and Related Payables. Distributable Earnings 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. See "— Non-GAAP Financial Measures" for our reconciliation of Distributable Earnings.

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.

Segment Distributable Earnings

Effective as of and for the three months ended December 31, 2018, Blackstone senior management determined that Segment Distributable Earnings, and not Economic Income, is the measure that it uses to assess the performance of its business segments. Segment Distributable Earnings is used by management to make operating decisions, allocate resources and determine the compensation of employees across all of its business segments. All prior periods have been recast to reflect these updates.

Segment Distributable Earnings is Blackstone's segment profitability measure used to make operating decisions and assess performance across Blackstone's four segments. Segment Distributable Earnings 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. 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. Segment Distributable Earnings 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. See "— Non-GAAP Financial Measures" for our reconciliation of Segment Distributable Earnings.

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).

Fee Related Earnings

Fee Related Earnings 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. Fee Related Earnings 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. Fee Related Earnings is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Income (Loss) Before Provision for Taxes. See "— Non-GAAP Financial Measures" for our reconciliation of Fee Related Earnings.

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.

Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization

Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization ("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. See "— Non-GAAP Financial Measures" for our reconciliation of Adjusted EBITDA.

Operating Metrics

The alternative asset management business is a complex business that is primarily based on managing third party capital and does not require substantial capital investment to support rapid growth. However, there also can be volatility associated with its earnings and cash flows. Since our inception, we have developed and used various key operating metrics to assess and monitor the operating performance of our various alternative asset management businesses in order to monitor the effectiveness of our value creating strategies.

Assets Under Management. Assets Under Management refers to the assets we manage. Our Assets Under Management equals the sum of:

(a) the fair value of the investments held by our carry funds and our side-by-side and co-investment entities managed by us, plus (1) the capital that we are entitled to call from investors in those funds and entities pursuant to the terms of their respective capital commitments, including capital commitments to funds that have yet to commence their investment periods, or (2) for certain credit-focused funds the amounts available to be borrowed under asset based credit facilities,

(b) the net asset value of (1) our hedge funds and real estate debt carry funds, BPP, certain co-investments managed by us, and our Hedge Fund Solutions carry and drawdown funds (plus, in each case, the capital that we are entitled to call from investors in those funds, including commitments yet to commence their investment periods), and (2) our funds of hedge funds, our Hedge Fund Solutions registered investment companies, and BREIT,

(c) the invested capital, fair value or net asset value of assets we manage pursuant to separately managed accounts,

(d) the amount of debt and equity outstanding for our CLOs during the reinvestment period,

(e) the aggregate par amount of collateral assets, including principal cash, for our CLOs after the reinvestment period,

(f) the gross or net amount of assets (including leverage where applicable) for our credit-focused registered investment companies, and

(g) the fair value of common stock, preferred stock, convertible debt, or similar instruments issued by BXMT.

Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at their election. Our funds of hedge funds, hedge funds, funds structured like hedge funds and other open ended funds in our Hedge Fund Solutions, Credit and Real Estate segments generally have structures that afford an investor the right to withdraw or redeem their interests on a periodic basis (for example, annually or quarterly), typically with 30 to 95 days' notice, depending on the fund and the liquidity profile of the underlying assets. Investment advisory agreements related to certain separately managed accounts in our Hedge Fund Solutions and Credit segments, excluding our BIS separately managed accounts, may generally be terminated by an investor on 30 to 90 days' notice.

Fee-Earning Assets Under Management . Fee-Earning Assets Under Management refers to the assets we manage on which we derive management fees and/or performance revenues. Our Fee-Earning Assets Under Management equals the sum of:

(a) for our Private Equity segment funds and Real Estate segment carry funds, including certain BREDS and Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value, net asset value or par value of assets held, depending on the fee terms of the fund,

(b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or net asset value, depending on the fee terms of the fund,

(c) the remaining invested capital or fair value of assets held in co-investment vehicles managed by us on which we receive fees,

(d) the net asset value of our funds of hedge funds, hedge funds, BPP, certain co-investments managed by us, certain registered investment companies, BREIT, and certain of our Hedge Fund Solutions drawdown funds,

(e) the invested capital, fair value of assets or the net asset value we manage pursuant to separately managed accounts,

(f) the net proceeds received from equity offerings and accumulated core earnings of BXMT, subject to certain adjustments,

(g) the aggregate par amount of collateral assets, including principal cash, of our CLOs, and

(h) the gross amount of assets (including leverage) or the net assets (plus leverage where applicable) for certain of our credit-focused registered investment companies.

Each of our segments may include certain Fee-Earning Assets Under Management on which we earn performance revenues but not management fees.

Our calculations of assets under management and fee-earning assets under management may differ from the calculations of other asset managers, and as a result this measure may not be comparable to similar measures presented by other asset managers. In addition, our calculation of assets under management includes commitments to, and the fair value of, invested capital in our funds from Blackstone and our personnel, regardless of whether such

commitments or invested capital are subject to fees. Our definitions of assets under management and fee-earning assets under management are not based on any definition of assets under management and fee-earning assets under management that is set forth in the agreements governing the investment funds that we manage.

For our carry funds, total assets under management includes the fair value of the investments held, whereas fee-earning assets under management includes the amount of capital commitments, the remaining amount of invested capital at cost depending on whether the investment period has or has not expired or the fee terms of the fund. As such, fee-earning assets under management may be greater than total assets under management when the aggregate fair value of the remaining investments is less than the cost of those investments.

Perpetual Capital . 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. Perpetual Capital includes co-investment capital with an investor right to convert into Perpetual Capital.

Limited Partner Capital Invested. Limited Partner Capital Invested represents the aggregate amount of third party capital invested by our funds and vehicles, including investments closed but not yet funded by investors during each period presented, including (a) capital invested by our carry and drawdown funds and vehicles, (b) certain perpetual capital invested including undistributed proceeds that are reinvested, and (c) capital invested through fee-paying co-investments made by third parties in investments of our carry and perpetual funds and vehicles.

Dry Powder . Dry Powder represents the amount of capital available for investment or reinvestment, including general partner and employee capital, and is an indicator of the capital we have available for future investments.

Performance Revenue Eligible Assets Under Management . Performance Revenue Eligible Assets Under Management represents invested and to be invested capital at fair value, including capital closed for funds whose investment period has not yet commenced, on which performance fees could be earned if certain hurdles are met.

Income Tax Current Developments

Certain past legislative proposals would treat certain publicly traded partnerships as corporations for federal income tax purposes. If similar legislation were enacted and applied to us, we would not qualify as a partnership for U.S. federal income tax purposes. If we were taxed as a corporation, our effective tax rate could increase significantly.

States and other jurisdictions have also considered legislation to increase taxes with respect to carried interest. For example, New Jersey recently enacted legislation which eliminates an exclusion from New Jersey source income (for non-residents) for carried interest and income from providing investment management services, which is not expected to materially affect our common unitholders, and authorizes a contingent 17% surtax on such management income for gross income tax and corporate income tax purposes. These carried interest provisions remain non-operative as they are dependent upon Connecticut, New York and Massachusetts enacting legislation with identical provisions. In addition, New York State recently introduced legislation which would tax income from certain investment management services provided by a partner (whether or not a New York resident), which could cause a non-resident of New York State who holds our common units to be subject to New York State income tax on carried interest earned by entities in which we hold an indirect interest, thereby requiring the non-resident to file a New York State income tax return reporting such carried interest income. As part of that legislation, New York also proposed a state tax surcharge of 19% on carried interest in addition to the personal income tax. Similar to the New Jersey legislation, the New York legislation would not take effect until similar legislation is enacted by Connecticut, New Jersey and Massachusetts. Similar proposals are under consideration in other jurisdictions such as California. Whether or when similar legislation will be enacted is unclear.

Finally, several state and local jurisdictions are evaluating ways to subject partnerships to entity level taxation through the imposition of state or local income, franchise or other forms of taxation or to increase the amount of such taxation. For example, although we believe it would not affect us materially, Connecticut recently enacted an income tax on pass through entities doing business in Connecticut, and states in which we do business may consider similar tax changes. These and other proposals have recently been under heightened consideration in light of U.S. federal income tax legislation, known as the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017 (the "Tax Reform Bill").

Meaningfully quantifying the potential impact on Blackstone of this potential future legislation or any similar legislation is not possible at this time. Multiple versions of legislation in this area have been proposed over the last few years that have included significantly different provisions regarding effective dates and the treatment of invested capital, tiered entities and cross-border operations, among other matters. Depending upon what version of the legislation, if any, were enacted, the potential impact on a public company such as Blackstone in a given year could differ significantly and could be material. In addition, even if these legislative proposals would not themselves impose a tax on a publicly traded partnership such as Blackstone, they could force Blackstone and other publicly traded partnerships to restructure their operations so as to prevent disqualifying income from reaching the publicly traded partnership in amounts that would disqualify the partnership from treatment as a partnership for U.S. federal income tax purposes. Such a restructuring could result in more income being earned in corporate subsidiaries, thereby increasing corporate income tax liability indirectly borne by the publicly traded partnership. In addition, we, and our common unitholders, could be taxed on any such restructuring. The nature of any such restructuring would depend on the precise provisions of the legislation that was ultimately enacted, as well as the particular facts and circumstances of Blackstone's operations at the time any such legislation were to take effect, making the task of predicting the amount of additional tax highly speculative.

The Tax Reform Bill has resulted in fundamental changes to the Internal Revenue Code. Changes to U.S. tax laws resulting from the Tax Reform Bill, including reduction to the federal corporate income tax rate, partial limitation on the deductibility of business interest expense, and a longer three-year holding period requirement for carried interest to be treated as long-term capital gain could have an adverse effect on our business operations and our funds' investment activities. These and other changes from the Tax Reform Bill — including limitations on the use, carryback and carryforward of net operating losses and changes relating to the scope and timing of U.S. taxation on earnings from international business operations — could also have an adverse effect on our portfolio companies. The exact impact of the Tax Reform Bill for future years is difficult to quantify, but these changes could have an adverse effect on our business, results of operations and financial condition. In addition, other changes could be enacted in the future to increase the corporate tax rate, limit further the deductibility of interest, subject carried interest to more onerous taxation or effect other changes that could have a material adverse effect on our business, results of operations and financial condition.

Congress, the Organization for Economic Co-operation and Development ("OECD") and other government agencies in jurisdictions in which we and our affiliates invest or do business have maintained a focus on issues related to the taxation of multinational companies. The OECD, which represents a coalition of member countries, is contemplating changes to numerous long-standing tax principles through its base erosion and profit shifting ("BEPS") project, which is focused on a number of issues, including the shifting of profits between affiliated entities in different tax jurisdictions, interest deductibility and eligibility for the benefits of double tax treaties. Several of the proposed measures are potentially relevant to some of our structures and could have an adverse tax impact on our funds, investors and/or our portfolio companies. Some member countries have been moving forward on the BEPS agenda but, because timing of implementation and the specific measures adopted will vary among participating states, significant uncertainty remains regarding the impact of BEPS proposals. If implemented, these proposals could result in a loss of tax treaty benefits and increased taxes on income from our investments.

A number of European jurisdictions have enacted taxes on financial transactions, and the European Commission has proposed legislation to harmonize these taxes under the so-called "enhanced cooperation procedure," which provides for adoption of EU-level legislation applicable to some but not all EU Member States.

These contemplated changes, if adopted by individual countries, could increase tax uncertainty and/or costs faced by us, our portfolio companies and our investors, and cause other adverse consequences. The timing or impact of these proposals is unclear at this point. In addition, tax laws, regulations and interpretations are subject to continual changes, which could adversely affect our structures or returns to our investors. For instance, various countries have adopted or proposed tax legislation that may adversely affect portfolio companies and investment structures in countries in which our funds have invested and may limit the benefits of additional investments in those countries.

In addition, legislation enacted in 2015 significantly changed the rules for U.S. federal income tax audits of partnerships. Such audits will be conducted at the partnership level, and unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. Under an elective alternative procedure, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. If a partnership elects the alternative procedure for a given adjustment, the amount of taxes for which its partners would be liable would be increased by any applicable penalties and a special interest charge. There can be no assurance that we will be eligible to make such an election or that we will, in fact, make such an election for any given adjustment. If we do not or are not able to make such an election, then (a) our then-current common unitholders, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had we elected the alternative procedure, and (b) a given common unitholder may indirectly bear taxes attributable to income allocable to other common unitholders or former common unitholders, including taxes (as well as interest and penalties) with respect to periods prior to such holder's ownership of common units. Amounts available for distribution to our common unitholders may be reduced as a result of our obligation to pay any taxes associated with an adjustment. Many issues with respect to, and the overall effect of, this legislation on us are uncertain, and common unitholders should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

Consolidated Results of Operations

Following is a discussion of our consolidated results of operations for each of the years in the three-year period ended December 31, 2018. For a more detailed discussion of the factors that affected the results of our four business segments (which are presented on a basis that deconsolidates the investment funds we manage) in these periods, see "— Segment Analysis" below.

The following table sets forth information regarding our consolidated results of operations and certain key operating metrics for the years ended December 31, 2018, 2017 and 2016:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(Dollars in Thousands)						
Revenues							
Management and Advisory Fees, Net	$3,027,796	$2,751,322	$2,464,290	$ 276,474	10%	$ 287,032	12%
Incentive Fees	57,540	242,514	149,928	(184,974)	-76%	92,586	62%
Investment Income (Loss)							
Performance Allocations							
Realized	1,876,507	3,571,811	1,495,439	(1,695,304)	-47%	2,076,372	139%
Unrealized	561,373	(105,473)	530,114	666,846	N/M	(635,587)	N/M
Principal Investments							
Realized	415,862	635,769	278,737	(219,907)	-35%	357,032	128%
Unrealized	49,917	42,605	77,314	7,312	17%	(34,709)	-45%
Total Investment Income	2,903,659	4,144,712	2,381,604	(1,241,053)	-30%	1,763,108	74%
Interest and Dividend Revenue	171,947	139,696	95,724	32,251	23%	43,972	46%
Other	672,317	(133,229)	54,753	805,546	N/M	(187,982)	N/M
Total Revenues	6,833,259	7,145,015	5,146,299	(311,756)	-4%	1,998,716	39%
Expenses							
Compensation and Benefits							
Compensation	1,609,957	1,442,485	1,335,408	167,472	12%	107,077	8%
Incentive Fee Compensation	33,916	105,279	68,921	(71,363)	-68%	36,358	53%
Performance Allocations Compensation							
Realized	711,076	1,281,965	465,129	(570,889)	-45%	816,836	176%
Unrealized	319,742	103,794	333,528	215,948	208%	(229,734)	-69%
Total Compensation and Benefits	2,674,691	2,933,523	2,202,986	(258,832)	-9%	730,537	33%
General, Administrative and Other	594,873	488,582	541,624	106,291	22%	(53,042)	-10%
Interest Expense	163,990	197,486	152,654	(33,496)	-17%	44,832	29%
Fund Expenses	78,486	132,787	52,181	(54,301)	-41%	80,606	154%
Total Expenses	3,512,040	3,752,378	2,949,445	(240,338)	-6%	802,933	27%
Other Income							
Reduction of Tax Receivable Agreement Liability	—	403,855	—	(403,855)	-100%	403,855	N/M
Net Gains from Fund Investment Activities	191,722	321,597	184,750	(129,875)	-40%	136,847	74%
Total Other Income	191,722	725,452	184,750	(533,730)	-74%	540,702	293%
Income Before Provision for Taxes	3,512,941	4,118,089	2,381,604	(605,148)	-15%	1,736,485	73%
Provision for Taxes	249,390	743,147	132,362	(493,757)	-66%	610,785	461%
Net Income	3,263,551	3,374,942	2,249,242	(111,391)	-3%	1,125,700	50%
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,104)	13,806	3,977	(15,910)	N/M	9,829	247%
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	358,878	497,439	246,152	(138,561)	-28%	251,287	102%
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,364,989	1,392,323	960,099	(27,334)	-2%	432,224	45%
Net Income Attributable to The Blackstone Group L.P.	$1,541,788	$1,471,374	$1,039,014	$ 70,414	5%	$ 432,360	42%

N/M Not meaningful.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenues

Revenues were $6.8 billion for the year ended December 31, 2018, a decrease of $311.8 million compared to $7.1 billion for the year ended December 31, 2017. The decrease in Revenues was primarily attributable to decreases of $1.2 billion in Investment Income and $185.0 million in Incentive Fees, partially offset by increases of $805.5 million in Other Revenues and $276.5 million in Management and Advisory Fees, Net.

The decrease in Investment Income was primarily attributable to decreases in our Real Estate, Credit and Hedge Fund Solution segments of $1.2 billion, $272.5 million and $74.0 million, respectively, partially offset by an increase in our Private Equity segment of $363.4 million. The decrease in our Real Estate segment was attributable to lower net appreciation of investment holdings in our BREP funds compared to the comparable 2017 period. For the year ended December 31, 2018, the carrying value of investments for our BREP funds increased 9.8% compared to 19.4% for the year ended December 31, 2017. The decrease in our Credit segment was primarily attributable to the negative impact on 2018 returns as a result of decreases in certain public positions, and volatility in the energy and credit markets. The decrease in our Hedge Fund Solutions segment was primarily due to lower returns in investments of which Blackstone owns a share compared to the year ended December 31, 2017. The increase in our Private Equity segment was driven by corporate private equity. Corporate private equity carrying value increased 19.1% for the year ended December 31, 2018 compared to 17.6% for the year ended December 31, 2017.

The decrease in Incentive Fees was primarily attributable to decreases in our Credit and Hedge Fund Solutions segments of $104.5 million and $84.4 million, respectively. The decrease in our Credit segment was primarily attributable to the conclusion of our sub-advisory relationship with FS Investments. The decrease in our Hedge Fund Solutions segment was driven by lower returns across a number of strategies, including customized solutions, commingled products and individual investor solutions and specialized solutions, compared to the year ended December 31, 2017.

The increase in Other Revenue was primarily due to the fixed payment we received in connection with the conclusion of our sub-advisory relationship with FS Investments' funds and a foreign exchange gain on our euro denominated bonds.

The increase in Management and Advisory Fees, Net was primarily due to increases in our Real Estate and Private Equity segments of $187.4 million and $65.4 million, respectively. The increase in our Real Estate segment was primarily attributable to increases in Base Management Fees of $113.2 million driven by Assets Under Management growth in core+ and Transaction and Other Fees, Net of $69.7 million, which were due to $27.1 million of BREP breakup fees related to two transactions and increased investment activity in our BREP global funds. The increase in our Private Equity segment was primarily attributable to the launch of BCP Asia and the third vintage of Tactical Opportunities.

Expenses

Expenses were $3.5 billion for the year ended December 31, 2018, a decrease of $240.3 million compared to $3.8 billion for the year ended December 31, 2017. The decrease was primarily attributable to decreases of $258.8 million in Total Compensation and Benefits and $54.3 million in Fund Expenses, partially offset by an increase of $106.3 million in General, Administrative and Other Expenses. The decrease in Total Compensation and Benefits was primarily due to decreases of $354.9 million in Performance Allocations Compensation and $71.4 million in Incentive Fee Compensation, partially offset by an increase of $167.5 million in Compensation. The decrease in Performance Allocations Compensation was primarily due to the decrease in Investment Income. The decrease in Incentive Fee Compensation was primarily due to the decrease in Incentive Fees in our Credit and Hedge Fund Solutions segments, on which a portion of Incentive Fee Compensation is based. The increase in Compensation was due to the increase in Management and Advisory Fees, Net, on which a portion of compensation is based, as well as investment in our infrastructure initiative and a lower deferral on Compensation. The decrease in Fund Expenses was due to a decrease of $55.7 million in our Credit segment primarily from the deconsolidation of certain CLO and other vehicles in 2018. The increase in General, Administrative and Other Expenses was primarily due to the growth in BIS as well as a full year of Harvest-related expenses following our acquisition of Harvest in the fourth quarter of 2017.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

Total Revenues were $7.1 billion for the year ended December 31, 2017, an increase of $2.0 billion compared to $5.1 billion for the year ended December 31, 2016. The increase in Total Revenues was attributable to increases

of $1.8 billion in Investment Income and $287.0 million in Management and Advisory Fees, Net, partially offset by a decrease in Other Revenue of $188.0 million.

The increase in Investment Income was primarily attributable to increases in our Real Estate and Private Equity segments of $966.1 million and $507.7 million, respectively. The increase in our Real Estate segment was primarily attributable to a net increase in the appreciation of investment holdings in our opportunistic funds. For the year ended December 31, 2017, the carrying value of investments for our opportunistic funds increased 19.4% versus 11.1% for the year ended December 31, 2016. Our core+ real estate funds, real estate debt drawdown funds and real estate hedge funds appreciated 12.0%, 14.7% and 8.9%, respectively for the year ended December 31, 2017. The increase in our Private Equity segment was driven by corporate private equity and Tactical Opportunities. Corporate private equity carrying value increased 17.6% in 2017 versus 10.7% for the year ended December 31, 2016. Tactical Opportunities carrying value increased 14.5% in 2017 versus 10.9% for the year ended December 31, 2016.

The increase in Management and Advisory Fees, Net was primarily due to increases in our Private Equity, Real Estate and Credit segments of $204.4 million, $55.9 million and $51.4 million, respectively. The increase in our Private Equity segment was primarily due to assets earning higher base management fees, principally due to the conclusion of a six-month fee holiday for BCP VII in the fourth quarter of 2016. The increase in our Real Estate segment was primarily due to growth in our core+ real estate funds and the launch of BREP Europe V in the fourth quarter of 2016 and the corresponding expiration of its fee holiday in the second quarter of 2017. The increase in our Credit segment was primarily due to our performing credit and energy portfolios, as well as Harvest.

The decrease in Other Revenue was primarily the result of foreign exchange loss on the revaluation of our euro denominated bonds.

Expenses

Expenses were $3.8 billion for the year ended December 31, 2017, an increase of $802.9 million compared to $2.9 billion for the year ended December 31, 2016. The increase was primarily attributable to increases in Performance Allocations Compensation, Compensation and Fund Expenses. The increase of $587.1 million in Performance Allocations Compensation was due to related increases in Investment Income in our Real Estate and Private Equity. The increase of $107.1 million in Compensation was primarily due to the increase in Management and Advisory Fees, Net in our Private Equity, Real Estate and Credit segments, on which a portion of compensation is based. The increase of $80.6 million in Fund Expenses was due to an increase of $73.9 million in our Credit segment. The increase in our Credit segment was primarily the result of newly launched CLOs.

Other Income

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Other Income was $191.7 million for the year ended December 31, 2018, a decrease of $533.7 million compared to $725.5 million for the year ended December 31, 2017. The decrease in Other Income was due to the absence of the $403.9 million in Reduction of Tax Receivable Agreement Liability that was recognized during the year ended December 31, 2017 and a decrease of $129.9 million in Net Gains from Fund Investment Activities.

The absence of the Other Income — Reduction of Tax Receivable Agreement Liability was primarily due to the reduction in the federal tax rate from 35% to 21% pursuant to the Tax Reform Bill during the year ended December 31, 2017.

The decrease in Other Income — Net Gains from Fund Investment Activities was driven by decreases of $62.5 million in our Credit segment, $58.2 million in our Real Estate segment and $21.4 million in our Hedge Fund Solutions segment, partially offset by an increase of $12.3 million in our Private Equity segment. The decrease in our Credit segment was primarily driven by the deconsolidation of certain CLO and other vehicles in 2018, partially

offset by newly launched CLOs. The decrease in our Real Estate segment was primarily due to a year over year net decrease in the appreciation of investments in our BREP funds. The decrease in our Hedge Fund Solutions segment was primarily due to lower returns across the segment year over year. The increase in our Private Equity segment was primarily due to a year over year net increase in the appreciation of investments in our private equity funds.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Other Income was $725.5 million for the year ended December 31, 2017, an increase of $540.7 million compared to $184.8 million for the year ended December 31, 2016. The increase in Other Income was primarily due to increases of $403.9 million in Reduction of Tax Receivable Agreement Liability and $136.8 million in Net Gains from Fund Investment Activities.

Other Income — Reduction of Tax Receivable Agreement Liability was $403.9 million for the year ended December 31, 2017. The Reduction of the Tax Receivable Agreement Liability was primarily attributable to the reduction in the corporate federal tax rate from 35% to 21% pursuant to the Tax Reform Bill.

Other Income — Net Gains from Fund Investment Activities was $321.6 million for the year ended December 31, 2017, an increase of $136.8 million compared to $184.8 million for the year ended December 31, 2016. The increase was principally driven by increases in our Credit and Real Estate segments of $75.2 million and $47.4 million, respectively. The increase in our Credit segment was primarily due to newly launched CLOs. The increase in our Real Estate segment was primarily the result of a year over year net increase in the appreciation of investments across the Real Estate funds.

Provision for Taxes

The following table summarizes Blackstone's tax position:

	Year Ended December 31,		
	2018	2017	2016
Income Before Provision for Taxes	$3,512,941	$4,118,089	$2,381,604
Provision for Taxes	$ 249,390	$ 743,147	$ 132,362
Effective Income Tax Rate	7.1%	18.0%	5.6%

The following table reconciles the effective income tax rate to the U.S. federal statutory tax rate:

	Year Ended December 31,			2018 vs. 2017	2017 vs. 2016
	2018	2017	2016		
Statutory U.S. Federal Income Tax Rate	21.0%	35.0%	35.0%	-14.0%	—
Income Passed Through to Common Unitholders and Non-Controlling Interest Holders (a)	-15.5%	-25.9%	-28.6%	10.4%	2.7%
State and Local Income Taxes	1.8%	1.5%	1.3%	0.3%	0.2%
Equity-Based Compensation	—	-0.1%	-0.2%	0.1%	0.1%
Impact of the Tax Reform Bill	—	8.3%	—	-8.3%	8.3%
Other	-0.2%	-0.8%	-1.9%	0.6%	1.1%
Effective Income Tax Rate	7.1%	18.0%	5.6%	-10.9%	12.4%

(a) Includes income that is not taxable to the Partnership and its subsidiaries. Such income is directly taxable to the Partnership's unitholders and the non-controlling interest holders.

Blackstone's Provision for Taxes for the years ended December 31, 2018, 2017 and 2016 was $249.4 million, $743.1 million and $132.4 million, respectively. This resulted in an effective tax rate of 7.1%, 18.0% and 5.6%, respectively, based on our Income Before Provision for Taxes of $3.5 billion, $4.1 billion and $2.4 billion, respectively.

The Tax Reform Bill enacted in late 2017 reduced the federal corporate income tax rate from 35% to 21% effective January 1, 2018. The decrease in the effective tax rate from the rate reduction was partially offset by the corresponding reduction in the benefit for the exclusion of income passed through to common unitholders and non-controlling interests. This, along with the increase in the 2017 effective tax rate for the one-time remeasurement of the Deferred Tax Assets as a result of the Tax Reform Bill, resulted in an overall decrease in the effective tax rate for the twelve months ended December 31, 2018 compared with the twelve months ended December 31, 2017.

The difference in Blackstone's effective tax rate for the year ended December 31, 2017 compared to the year ended December 31, 2016 resulted primarily from two items. First, the Income Before Provision for Taxes that was not taxable to the Partnership or its subsidiaries (and therefore was passed through to common unitholders and non-controlling interest holders) was $3.1 billion in 2017 (of $4.1 billion of 2017 total pretax income), compared to $1.9 billion in 2016 (of $2.4 billion of 2016 total pretax income). Second, the Tax Reform Bill that was signed into law on December 22, 2017 included a reduction in the federal corporate income tax rate from 35% to 21%. The remeasurement of the Deferred Tax Assets resulted in income tax expense of $500.6 million partially offset by $160.3 million tax benefit resulting from the $403.9 million reduction to the liability under the Tax Receivable Agreement. The net impact to the effective tax rate was an 8.3% increase. All factors except for the remeasurement of the Deferred Tax Assets and the liability under the Tax Receivable Agreement are expected to impact the effective tax rate for future years.

Additional information regarding our income taxes can be found in Note 14. "Income Taxes" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" of this filing.

Non-Controlling Interests in Consolidated Entities

The Net Income Attributable to Redeemable Non-Controlling Interests in Consolidated Entities and Net Income Attributable to Non-Controlling Interests in Consolidated Entities is attributable to the consolidated Blackstone Funds. The amounts of these items vary directly with the performance of the consolidated Blackstone Funds and largely eliminate the amount of Other Income — Net Gains from Fund Investment Activities from the Net Income (Loss) Attributable to The Blackstone Group L.P.

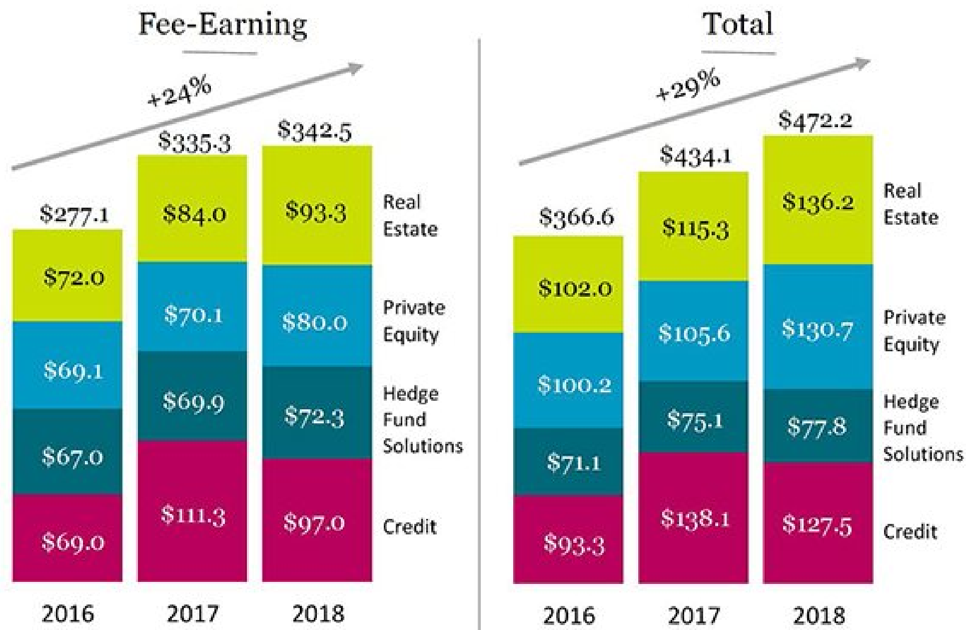
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings is derived from the Income Before Provision for Taxes, excluding the Net Gains from Fund Investment Activities and the percentage allocation of the income between Blackstone personnel and others who are limited partners of Blackstone Holdings and The Blackstone Group L.P. after considering any contractual arrangements that govern the allocation of income (loss) such as fees allocable to The Blackstone Group L.P.

For the years ended December 31, 2018, 2017 and 2016, the Net Income Before Taxes allocated to Blackstone personnel and others who are limited partners of Blackstone Holdings was 44.0%, 44.9% and 46.1%, respectively. The decreases of 0.9% and 1.2% were primarily due to conversions of Blackstone Holdings Partnership Units to Blackstone common units and the vesting of common units.

The Other Income — Reduction of Tax Receivable Agreement Liability was entirely allocated to The Blackstone Group L.P.

Operating Metrics

The following graphs and tables summarize the Fee-Earning Assets Under Management by Segment and Total Assets Under Management by Segment, followed by a rollforward of activity for the years ended December 31, 2018, 2017 and 2016. For a description of how Assets Under Management and Fee-Earning Assets Under Management are determined, please see "— Key Financial Measures and Indicators — Operating Metrics — Assets Under Management and Fee-Earning Assets Under Management."



Note: Totals may not add due to rounding.

Table of Contents

	Year Ended December 31,									
	2018					2017				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
	(Dollars in Thousands)									
Fee-Earning Assets Under Management										
Balance, Beginning of Period	$83,984,824	$70,140,883	$ 69,914,061	$111,304,230	$335,343,998	$ 72,030,054	$69,110,457	$ 66,987,553	$ 68,964,608	$277,092,6
Inflows, including Commitments (a)	17,961,223	16,096,543	12,354,410	24,587,957	71,000,133	23,555,866	8,257,430	10,302,444	55,099,845	97,215,5
Outflows, including Distributions (b)	(2,000,367)	(1,888,223)	(10,278,403)	(27,640,908)	(41,807,901)	(2,773,181)	(1,196,502)	(9,777,064)	(4,364,916)	(18,111,6
Realizations (c)	(8,781,140)	(4,729,843)	(429,912)	(6,672,539)	(20,613,434)	(11,851,866)	(6,558,390)	(2,182,220)	(10,396,313)	(30,988,7
Net Inflows (Outflows)	7,179,716	9,478,477	1,646,095	(9,725,490)	8,578,798	8,930,819	502,538	(1,656,840)	40,338,616	48,115,1
Market Appreciation (Depreciation) (d)(f)	2,088,184	388,806	720,450	(4,592,729)	(1,395,289)	3,023,951	527,888	4,583,348	2,001,006	10,136,1
Balance, End of Period	$93,252,724	$80,008,166	$ 72,280,606	$ 96,986,011	$342,527,507	$ 83,984,824	$70,140,883	$ 69,914,061	$111,304,230	$335,343,9
Increase (Decrease)	$ 9,267,900	$ 9,867,283	$ 2,366,545	$ (14,318,219)	$ 7,183,509	$ 11,954,770	$ 1,030,426	$ 2,926,508	$ 42,339,622	$ 58,251,3
Increase (Decrease)	11%	14%	3%	-13%	2%	17%	1%	4%	61%	
Annualized Base Management Fee Rate (e)	1.09%	1.00%	0.73%	0.56%	0.84%	1.06%	1.07%	0.74%	0.56%	0.

	Year Ended December 31,				
	2016				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
	(Dollars in Thousands)				
Fee-Earning Assets Under Management					
Balance, Beginning of Period	$ 67,345,357	$ 51,451,196	$ 65,665,439	$ 61,684,380	$ 246,146,372
Inflows, including Commitments (a)	14,230,164	28,896,280	10,132,407	15,066,802	68,325,653
Outflows, including Distributions (b)	(2,180,183)	(3,135,750)	(9,744,077)	(4,616,966)	(19,676,976)
Realizations (c)	(8,019,202)	(8,193,322)	(416,583)	(5,976,564)	(22,605,671)
Net Inflows (Outflows)	4,030,779	17,567,208	(28,253)	4,473,272	26,043,006
Market Appreciation (d)(f)	653,918	92,053	1,350,367	2,806,956	4,903,294
Balance, End of Period	$ 72,030,054	$ 69,110,457	$ 66,987,553	$ 68,964,608	$ 277,092,672
Increase	$ 4,684,697	$ 17,659,261	$ 1,322,114	$ 7,280,228	$ 30,946,300
Increase	7%	34%	2%	12%	13%
Annualized Base Management Fee Rate (e)	1.09%	0.93%	0.78%	0.78%	0.90%

	Year Ended December 31,									
	2018					2017				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
	(Dollars in Thousands)									
Total Assets Under Management										
Balance, Beginning of Period	$115,340,363	$105,560,576	$ 75,090,834	$138,136,470	$434,128,243	$101,963,652	$100,189,994	$ 71,119,718	$ 93,280,101	$366,553,465
Inflows, including Commitments (a)	31,478,431	26,639,963	13,278,327	29,578,890	100,975,611	23,844,270	12,631,106	12,106,471	59,373,876	107,955,723
Outflows, including Distributions (b)	(2,162,958)	(1,617,585)	(10,780,055)	(28,057,658)	(42,618,256)	(1,399,741)	(1,230,409)	(10,661,542)	(6,165,216)	(19,456,908)
Realizations (c)	(14,675,095)	(10,396,611)	(471,931)	(8,516,996)	(34,060,633)	(24,527,951)	(15,760,727)	(2,409,985)	(12,487,834)	(55,186,497)
Net Inflows (Outflows)	14,640,378	14,625,767	2,026,341	(6,995,764)	24,296,722	(2,083,422)	(4,360,030)	(965,056)	40,720,826	33,312,318
Market Appreciation (Depreciation) (d) (g)	6,266,488	10,478,943	697,341	(3,625,420)	13,817,352	15,460,133	9,730,612	4,936,172	4,135,543	34,262,460
Balance, End of Period	$136,247,229	$130,665,286	$ 77,814,516	$127,515,286	$472,242,317	$115,340,363	$105,560,576	$ 75,090,834	$138,136,470	$434,128,243
Increase (Decrease)	$ 20,906,866	$ 25,104,710	$ 2,723,682	$ (10,621,184)	$ 38,114,074	$ 13,376,711	$ 5,370,582	$ 3,971,116	$ 44,856,369	$ 67,574,778
Increase (Decrease)	18%	24%	4%	-8%	9%	13%	5%	6%	48%	18%

	Year Ended December 31,				
	2016				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
	(Dollars in Thousands)				
Total Assets Under Management					
Balance, Beginning of Period	$ 93,917,824	$ 94,280,074	$ 69,105,425	$ 79,081,252	$ 336,384,575
Inflows, including Commitments (a)	19,047,473	16,845,959	10,782,839	22,984,504	69,660,775
Outflows, including Distributions (b)	(500,727)	(1,526,205)	(9,871,709)	(6,408,231)	(18,306,872)
Realizations (c)	(17,926,238)	(14,221,866)	(436,973)	(6,798,762)	(39,383,839)
Net Inflows	620,508	1,097,888	474,157	9,777,511	11,970,064
Market Appreciation (d)(g)	7,425,320	4,812,032	1,540,136	4,421,338	18,198,826
Balance, End of Period	$ 101,963,652	$ 100,189,994	$ 71,119,718	$ 93,280,101	$ 366,553,465
Increase	$ 8,045,828	$ 5,909,920	$ 2,014,293	$ 14,198,849	$ 30,168,890
Increase	9%	6%	3%	18%	9%

(a) Inflows represent contributions in our hedge funds and closed ended mutual funds, increases in available capital for our carry funds (capital raises, recallable capital and increased side-by-side commitments) and CLOs, increases in the capital we manage pursuant to separately managed account programs, allocations from multi-asset products to other strategies and acquisitions.

(b) Outflows represent redemptions in our hedge funds and closed ended mutual funds, client withdrawals from our separately managed account programs and decreases in available capital for our carry funds (expired capital, expense drawdowns and decreased side-by-side commitments).

(c) Realizations represent realizations from the disposition of assets or capital returned to investors from CLOs.

(d) Market appreciation (depreciation) includes realized and unrealized gains (losses) on portfolio investments and the impact of foreign exchange rate fluctuations.

(e) Represents the annualized current quarter's Base Management Fee divided by period end Fee-Earning Assets Under Management.

(f) For the year ended December 31, 2018, the impact to Fee-Earning Assets Under Management due to foreign exchange rate fluctuations was $(904.2) million, $(626.6) million and $(1.5) billion for the Real Estate, Credit and Total segments, respectively. For the year ended December 31, 2017, the impact to Fee-Earning Assets Under Management due to foreign exchange rate fluctuations was $1.4 billion, $1.3 million, $1.4 billion and $2.8 billion for the Real Estate, Private Equity, Credit and Total segments, respectively. For the year ended December 31, 2016, such impact was $(463.8) million, $1.0 million, $(335.8) million and $(798.5) million for the Real Estate, Private Equity, Credit and Total segments, respectively.

(g) For the year ended December 31, 2018, the impact to Total Assets Under Management due to foreign exchange rate fluctuations was $(2.1) billion, $(354.1) million, $(821.9) million and $(3.3) billion for the Real Estate, Private Equity, Credit and Total segments, respectively. For the year ended December 31, 2017, the impact to Total Assets Under Management due to foreign exchange rate fluctuations was $3.1 billion, $1.1 billion, $1.8 billion and $5.9 billion for the Real Estate, Private Equity, Credit and Total segments, respectively. For the year ended December 31, 2016, such impact was $(1.4) billion, $86.5 million, $(490.4) million and $(1.8) billion for the Real Estate, Private Equity, Credit and Total segments, respectively.

Fee-Earning Assets Under Management

Fee-Earning Assets Under Management were $342.5 billion at December 31, 2018, an increase of $7.2 billion, compared to $335.3 billion at December 31, 2017. The net increase was due to:

- Inflows of $71.0 billion related to:
  - $24.6 billion in our Credit segment driven by $12.2 billion from certain long only and MLP strategies, $7.7 billion of capital raised from new CLO launches and CLO refinancings, $4.0 billion from BIS, $3.3 billion from our distressed strategies, $2.4 billion from our mezzanine funds and $1.5 billion from our new direct lending platform, partially offset by $6.5 billion of allocations from insurance multi-asset products to other strategies,
  - $18.0 billion in our Real Estate segment driven by $7.4 billion from BREDS, $3.0 billion from BREIT, $2.8 billion from BPP U.S. and co-investment, $2.2 billion from BPP Europe and co-investment and $2.0 billion from BREP funds and co-investment,
  - $16.1 billion in our Private Equity segment driven by $6.1 billion from Tactical Opportunities, $5.4 billion from BIP, $1.4 billion as a result of the Clarus Acquisition, $1.1 billion from Strategic Partners, $862.5 million from corporate private equity, $742.5 million from core private equity and $503.1 million from multi-asset products, and
  - $12.4 billion in our Hedge Fund Solutions segment driven by $5.4 billion in customized solutions, $5.3 billion in individual investor and specialized solutions and $1.6 billion in commingled products.

Offsetting these increases were:

- Outflows of $41.8 billion primarily attributable to:
  - $27.6 billion in our Credit segment driven by the conclusion of our sub-advisory relationship with FS Investments. The remaining outflows were mainly related to certain long only and MLP strategies,
  - $10.3 billion in our Hedge Fund Solutions segment driven by $4.1 billion from customized solutions, $3.3 billion from individual investor and specialized solutions and $2.9 billion from commingled products,
  - $2.0 billion in our Real Estate segment primarily driven by $798.9 million of redemptions from the BREDS liquids funds and $787.0 million uninvested capital at the close of a BPP separately managed account's investment period, and
  - $1.9 billion in our Private Equity segment driven by $856.3 million from Tactical Opportunities, $606.0 million from multi-asset products, $298.3 million from Strategic Partners and $127.7 million from corporate private equity.

- Realizations of $20.6 billion primarily driven by:
  - $8.8 billion in our Real Estate segment driven by $3.9 billion from BREP funds and co-investment, $3.2 billion from BREDS and $1.7 billion from core+ real estate funds,
  - $6.7 billion in our Credit segment driven by $2.8 billion from distressed strategies, $1.9 billion of capital returned to investors from CLOs that are post their re-investment periods and $1.2 billion from mezzanine funds, and
  - $4.7 billion in our Private Equity segment driven by $1.7 billion from Strategic Partners, $1.5 billion from Tactical Opportunities and $1.5 billion from corporate private equity.
- Market depreciation of $1.4 billion due to:
  - $4.6 billion depreciation in our Credit segment driven by $4.0 billion of depreciation from market activity ($1.8 billion from certain long only and MLP strategies, $1.4 billion from BIS, $414.9 million from CLOs and $315.2 million from distressed strategies), and foreign exchange depreciation of $626.6 million mainly related to CLOs, certain long only and MLP strategies and mezzanine funds,
  - Partially offset by $2.1 billion appreciation in our Real Estate segment primarily driven by $2.0 billion of appreciation from core+ real estate funds ($2.7 billion from market appreciation offset by $629.7 million from foreign exchange depreciation), and
  - $720.5 million appreciation in our Hedge Fund Solutions segment driven by returns from BAAM's Principal Solutions Composite of 2.0% gross (1.2% net).

Hedge Fund Solutions had net inflows of $1.2 billion from January 1 through February 1, 2019.

Fee-Earning Assets Under Management were $335.3 billion at December 31, 2017, an increase of $58.3 billion, compared to $277.1 billion at December 31, 2016. The net increase was due to:

- Inflows of $97.2 billion related to:
  - $55.1 billion in our Credit segment driven by $22.4 billion from BIS, $11.2 billion from the acquisition of Harvest, $5.8 billion of capital raised from new CLO launches, $5.8 billion of inflows from mezzanine funds, $4.3 billion of inflows from long only and MLP strategies, $3.3 billion of inflows from distressed strategies and $2.3 billion of inflows from business development companies ("BDCs"),
  - $23.6 billion in our Real Estate segment driven by $5.9 billion from the Logicor asset management mandate, $5.8 billion from the second Asian opportunistic fund, $5.2 billion from BREDS, $1.7 billion from BREIT and $3.2 billion from other core+ real estate funds,
  - $10.3 billion in our Hedge Fund Solutions segment driven by $4.6 billion from customized solutions, $4.0 billion from individual investor and specialized solutions and $1.7 billion from commingled products, and
  - $8.3 billion in our Private Equity segment driven by $3.0 billion from Tactical Opportunities, $2.0 billion from Strategic Partners, $1.7 billion from corporate private equity and $1.3 billion from core private equity.
- Market appreciation of $10.1 billion due to:
  - $4.6 billion in our Hedge Fund Solutions segment driven by solid returns from BAAM's Principal Solutions Composite of 8.3% gross (7.3% net),
  - $3.0 billion in our Real Estate segment driven by $1.4 billion of foreign exchange appreciation as well as appreciation of $1.3 billion from core+ real estate funds, and
  - $2.0 billion in our Credit segment driven by $697.9 million of appreciation from long only and MLP strategies ($427.3 million from market appreciation and $270.6 million from foreign exchange appreciation), $387.9 million of appreciation from CLOs and $382.5 million of market appreciation from BDCs.

Offsetting these increases were:

- Realizations of $31.0 billion primarily driven by:
  - $11.9 billion in our Real Estate segment driven by $6.8 billion from BREP funds, $3.4 billion from BREDS, $816.4 million from BREP co-investment and $801.7 million from core+ real estate funds,
  - $10.4 billion in our Credit segment driven by $4.4 billion of capital returned to investors from CLOs that are post their re-investment periods, $3.0 billion of realizations from distressed strategies, $1.6 billion of realizations from mezzanine funds and $983.0 million in dividends from BDCs,
  - $6.6 billion in our Private Equity segment driven by $3.1 billion from corporate private equity, $2.4 billion from Strategic Partners and $1.1 billion from Tactical Opportunities, and
  - $2.2 billion in our Hedge Fund Solutions segment driven by $2.1 billion from individual investor and specialized solutions.
- Outflows of $18.1 billion primarily attributable to:
  - $9.8 billion in our Hedge Fund Solutions segment driven by $4.0 billion from individual investor and specialized solutions, $3.2 billion from customized solutions and $2.6 billion from commingled products,
  - $4.4 billion in our Credit segment driven by $2.1 billion from long only and MLP strategies, $1.1 billion from BDCs and $689.4 million from distressed strategies,
  - $2.8 billion in our Real Estate segment driven by $2.1 billion of uninvested reserves at the close of BREP Asia's investment period, and
  - $1.2 billion in our Private Equity segment driven by reductions of $467.4 million from Strategic Partners and $452.5 million from corporate private equity assets that no longer earn fees.

Total Assets Under Management

Total Assets Under Management were $472.2 billion at December 31, 2018, an increase of $38.1 billion, compared to $434.1 billion at December 31, 2017. The net increase was due to:

- Inflows of $101.0 billion related to:
  - $31.5 billion in our Real Estate segment driven by $15.4 billion from the first closing of BREP's ninth global opportunistic fund, $5.3 billion from BREDS, $3.0 billion from BREIT, $2.7 billion from BPP U.S. and co-investment, $1.6 billion from BPP Europe and co-investment and $1.4 billion from BREP Asia II,
  - $29.6 billion in our Credit segment driven by $12.8 billion from certain long only and MLP strategies, $7.8 billion of capital raised from CLO launches and CLO refinancings, $6.1 billion from distressed strategies, $4.4 billion from our new direct lending platform, $4.0 billion from BIS and $788.8 million from mezzanine funds, partially offset by $6.5 billion of allocations from insurance multi-asset products to other strategies,
  - $26.6 billion in our Private Equity segment driven by $7.0 billion from Tactical Opportunities, $5.7 billion from corporate private equity, $5.7 billion from BIP, $5.3 billion from Strategic Partners, $2.1 billion as a result of the Clarus Acquisition and $800.1 million from multi-asset products, and
  - $13.3 billion in our Hedge Fund Solutions segment driven by $6.0 billion in customized solutions, $5.5 billion in individual investor and specialized solutions and $1.7 billion in commingled products.
- Market appreciation of $13.8 billion due to:
  - $10.5 billion appreciation in our Private Equity segment driven by carrying value increase in corporate private equity, Strategic Partners and Tactical Opportunities of 19.1%, 18.6% and 12.2%, respectively, which included $354.1 million of foreign exchange depreciation across the segment,

- $6.3 billion appreciation in our Real Estate segment driven by carrying value increases in our opportunistic and core+ real estate funds of 9.8% and 10.7%, respectively, which includes $2.1 billion of foreign exchange depreciation across the segment, and
- Partially offset by $3.6 billion depreciation in our Credit segment driven by $2.8 billion of depreciation from market activity ($1.7 billion from certain long only and MLP strategies, $1.4 billion from BIS, and $262.3 million from distressed strategies, partially offset by $754.4 million of market appreciation in mezzanine funds), and foreign exchange depreciation of $821.9 million mainly related to CLOs, certain long only and MLP strategies and mezzanine funds.

Total Assets Under Management market appreciation (depreciation) in our Private Equity and Real Estate segments generally represents the change in fair value of the investments held and typically exceeds the Fee-Earning Assets Under Management market appreciation (depreciation).

Offsetting these increases were:

- Outflows of $42.6 billion primarily attributable to:
  - $28.1 billion in our Credit segment driven by the conclusion of our sub-advisory relationship with FS Investments. The remaining outflows were primarily related to certain long only and MLP strategies,
  - $10.8 billion in our Hedge Fund Solutions segment driven by $4.1 billion from customized solutions, $3.7 billion from individual investor and specialized solutions and $3.0 billion from commingled products,
  - $2.2 billion in our Real Estate segment driven by redemptions from the BREDS liquids funds and the expiration of the BREP VI fund term, and
  - $1.6 billion in our Private Equity segment driven by $576.9 million from Tactical Opportunities, $557.4 million from Strategic Partners and $213.1 million from corporate private equity.
- Realizations of $34.1 billion primarily driven by:
  - $14.7 billion in our Real Estate segment driven by $10.5 billion from BREP funds and co-investment, $2.2 billion from BREDS and $2.0 billion from core+ real estate funds,
  - $10.4 billion in our Private Equity segment driven by continued disposition activity across the segment, mainly related to $5.8 billion from corporate private equity, $2.4 billion from Strategic Partners and $2.1 billion from Tactical Opportunities, and
  - $8.5 billion in our Credit segment driven by $3.7 billion from our distressed strategies, $2.0 billion from our mezzanine strategies and $1.9 billion from capital returned to investors from CLOs that are post their re-investment periods.

Total Assets Under Management realizations in our Private Equity and Real Estate segments generally represent the total proceeds and typically exceed the Fee-Earning Assets Under Management realizations which generally represent only the invested capital.

Total Assets Under Management were $434.1 billion at December 31, 2017, an increase of $67.6 billion, compared to $366.6 billion at December 31, 2016. The net increase was due to:

- Inflows of $108.0 billion primarily related to:
  - $59.4 billion in our Credit segment driven by $22.4 billion of inflows from BIS, $11.2 billion from the acquisition of Harvest, $8.8 billion of inflows from distressed strategies, $5.8 billion of capital raised from CLO launches, $4.7 billion of inflows from long only and MLP strategies, $3.8 billion from mezzanine funds and $2.3 billion of inflows from BDCs,

    - $23.8 billion in our Real Estate segment driven by $6.0 billion from the Logicor asset management mandate, $5.9 billion from the second Asian opportunistic fund, $4.3 billion from other core+ real estate funds, $3.1 billion from BREDS, $2.9 billion from recycled capital for BREP funds, $1.7 billion from BREIT,
    - $12.6 billion in our Private Equity segment driven by $5.9 billion from Tactical Opportunities, $2.4 billion from Strategic Partners, $2.2 billion from BCP co-investment and $1.9 million from corporate private equity, and
    - $12.1 billion in our Hedge Fund Solutions driven by capital raised of $5.1 billion from individual investor and specialized solutions, $5.0 billion from customized solutions and $1.9 billion from commingled products.
- Market appreciation of $34.3 billion due to:
    - $15.5 billion in our Real Estate segment driven by carrying value increases of 19.4% and 12.0%, respectively, in opportunistic and core+ real estate funds, which includes $3.1 billion of foreign exchange appreciation,
    - $9.7 billion in our Private Equity segment driven by carrying value increases in corporate private equity, Strategic Partners and Tactical Opportunities of 17.6%, 22.5% and 14.5%, respectively, which includes $1.1 billion of foreign exchange appreciation,
    - $4.9 billion in our Hedge Fund Solutions segment due to the reasons noted above in Fee-Earning Assets Under Management, and
    - $4.1 billion in our Credit segment driven by $1.1 billion of appreciation from mezzanine funds ($709.5 million from market appreciation and $429.7 million from foreign exchange appreciation), $954.5 million appreciation from distressed strategies ($866.4 million from market appreciation and $88.1 million from foreign exchange appreciation), $787.7 million of appreciation from long only and MLP strategies ($437.9 million from market appreciation and $349.8 million from foreign exchange appreciation) and $648.8 million of appreciation from CLOs.

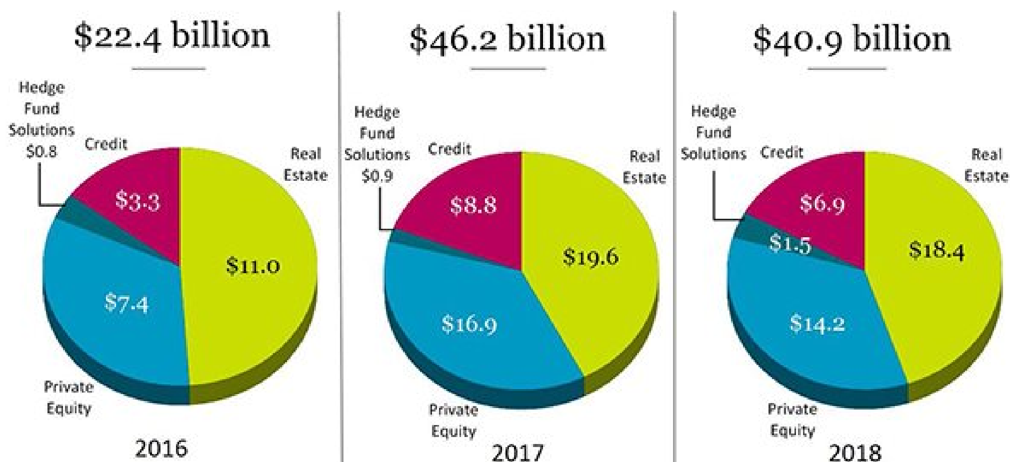
Offsetting these increases were:

- Realizations of $55.2 billion driven by:
    - $24.5 billion in our Real Estate segment driven by $19.6 billion from BREP funds, $2.1 billion from BREP co-investment, $1.8 million from BREDS and $934.6 million from core+ real estate funds,
    - $15.8 billion in our Private Equity segment driven by continued disposition activity across the segment, mainly $9.2 billion from corporate private equity, $2.8 billion from Strategic Partners and $2.7 billion from Tactical Opportunities,
    - $12.5 billion in our Credit segment driven by $4.7 billion of capital returned to investors from CLOs that are post their re-investment periods, $4.0 billion of realizations from distressed strategies, $2.3 billion of realizations from mezzanine funds and $983.0 million in dividends from BDCs, and
    - $2.4 billion in our Hedge Fund Solutions segment driven by $2.2 billion of realizations from individual investor and specialized solutions.
- Outflows of $19.5 billion primarily attributable to:
    - $10.7 billion in our Hedge Fund Solutions segment driven by outflows of $4.7 billion from individual investor and specialized solutions, $3.3 billion from customized solutions and $2.7 billion from commingled products,
    - $6.2 billion in our Credit segment driven by $2.2 billion from long only and MLP strategies, $1.8 billion from distressed strategies and $1.1 billion from BDCs, and

- $1.4 billion in our Real Estate segment driven by an $803.6 million release of reserves in BREDS II and $394.3 million of redemptions from BREDS liquid funds.

Limited Partner Capital Invested

The following presents our Limited Partner Capital Invested for each of the years ended December 31:



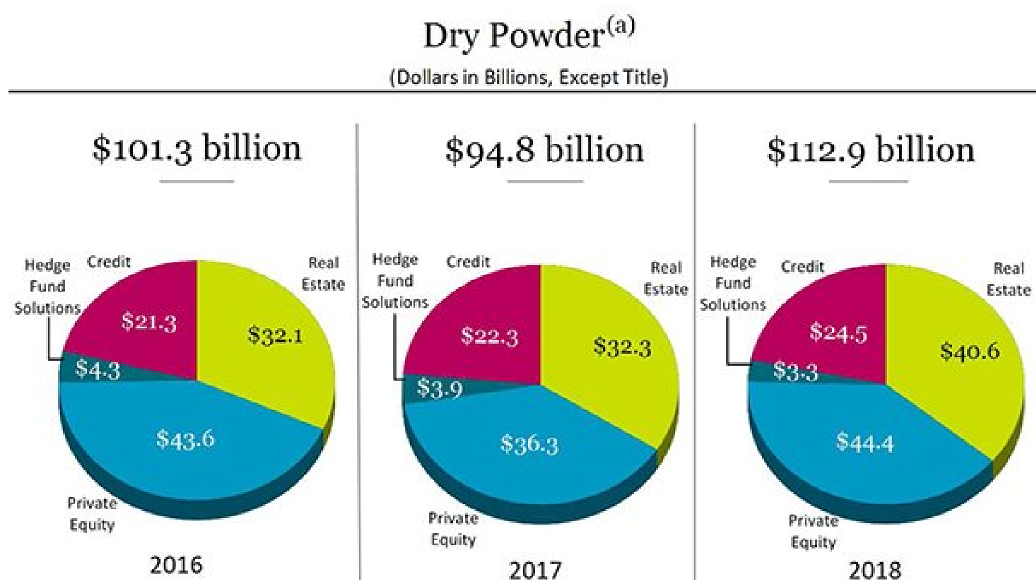
Note: Totals may not add due to rounding.

	Year Ended December 31,		
	2016	2017	2018
	(Dollars in Thousands)		
Limited Partner Capital Invested			
Real Estate	$ 10,969,746	$ 19,586,515	$ 18,374,432
Private Equity	7,443,607	16,923,385	14,181,675
Hedge Fund Solutions (a)	753,548	901,230	1,470,718
Credit	3,254,849	8,805,283	6,900,422
	$ 22,421,750	$ 46,216,413	$ 40,927,247

(a) Limited Partner Capital Invested for the Hedge Fund Solutions segment has been updated for an adjustment applicable to each of the three month periods ended September 30, 2016, December 31, 2016 and March 31, 2017.

Dry Powder

The following presents our Dry Powder as of December 31 of each year:



Note: Totals may not add due to rounding.

(a) Represents illiquid drawdown funds, a component of perpetual capital and fee-paying co-investments; includes fee-paying third party capital as well as general partner and employee capital that does not earn fees. Amounts are reduced by outstanding capital commitments, for which capital has not yet been invested.

	December 31,		
	2016	2017	2018
	(Dollars in Thousands)		
Dry Powder Available for Investment			
Real Estate	$ 32,134,990	$ 32,251,005	$ 40,627,676
Private Equity	43,618,496	36,302,497	44,431,881
Hedge Fund Solutions	4,309,901	3,943,358	3,275,768
Credit	21,279,670	22,285,149	24,542,243
	$ 101,343,057	$ 94,782,009	$ 112,877,568

Net Accrued Performance Revenues

The following table presents the Accrued Performance Revenues, net of performance compensation, of the Blackstone Funds as of December 31, 2018 and 2017. Net Accrued Performance Revenues presented do not include clawback amounts, if any, which are disclosed in Note 18. "Commitments and Contingencies — Contingencies — Contingent Obligations (Clawback)" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial

Statements and Supplementary Data" of this filing. The Net Accrued Performance Revenues as of each reporting date were principally unrealized; if realized, such amount can be a significant component of Distributable Earnings.

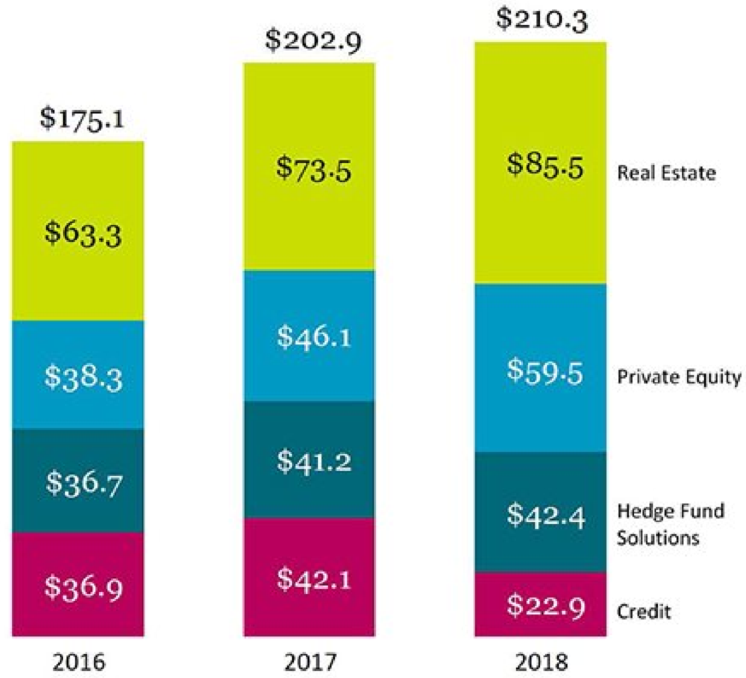
	December 31,	
	2018	2017
	(Dollars in Millions)	
Real Estate		
BREP IV	$ 3	$ 9
BREP V	55	203
BREP VI	89	190
BREP VII	484	587
BREP VIII	429	255
BREP Europe III	—	67
BREP Europe IV	200	207
BREP Europe V	110	25
BREP Asia I	114	102
BPP	215	134
BREIT	23	10
BREDS	17	35
BTAS	36	16
Total Real Estate (a)	1,775	1,840
Private Equity		
BCP IV	72	87
BCP V	—	73
BCP VI	746	668
BCP VII	225	16
BEP I	103	95
BEP II	73	5
Tactical Opportunities	155	104
Strategic Partners	94	66
BCEP	19	—
BTAS	41	13
Other	1	3
Total Private Equity (a)	1,529	1,130
Hedge Fund Solutions	24	89
Credit	195	289
Total Blackstone Net Accrued Performance Revenues	$3,523	$3,348

(a) Real Estate and Private Equity include Co-Investments, as applicable.

Net Accrued Performance Revenues receivable was increased by net Performance Revenues of $1.4 billion for the year ended December 31, 2018 and decreased by net realized distributions of $1.3 billion for the year ended December 31, 2018.

Performance Revenue Eligible Assets Under Management

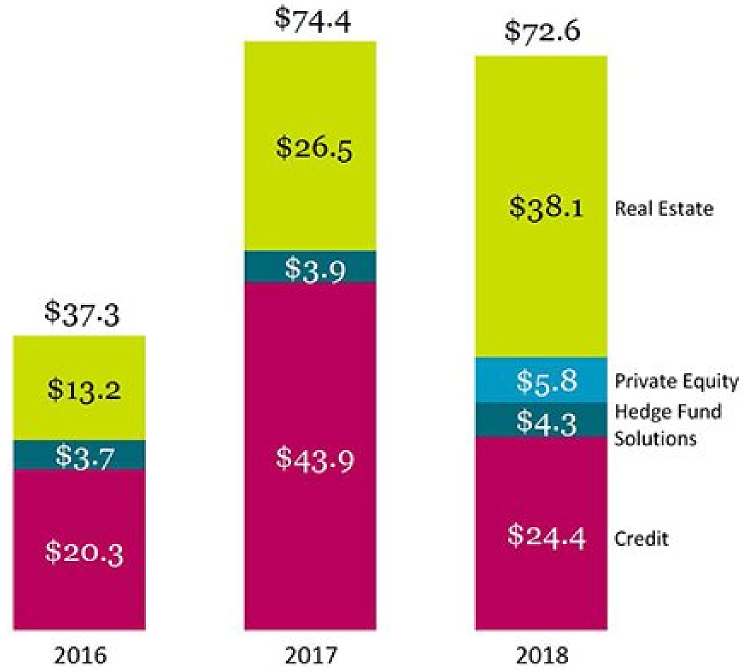
The following presents our Invested Performance Revenue Eligible Assets Under Management as of December 31 of each year:



Note: Totals may not add due to rounding.

Perpetual Capital

The following presents our Perpetual Capital as of December 31 of each year:



Note: Totals may not add due to rounding.

Investment Record

Fund returns information for our significant funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative of the financial performance of The Blackstone Group L.P. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents the investment record of our significant drawdown funds from inception through December 31, 2018:

Fund (Investment Period Beginning Date / Ending Date)	Committed Capital	Available Capital (a)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (c)	
			Value	MOIC (b)	% Public	Value	MOIC (b)	Value	MOIC (b)	Realized	Total
	(Dollars in Thousands, Except Where Noted)										
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) (d)	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 (e)	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 (f)	$ 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%
Strategic Partners I-V and Co-Investment (g)	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 (g)	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 (g)	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 (g)	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%

continued ...

Table of Contents

Fund (Investment Period Beginning Date / Ending Date)	Committed Capital	Available Capital (a)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (c)	
			Value	MOIC (b)	% Public	Value	MOIC (b)	Value	MOIC (b)	Realized	Total
	(Dollars in Thousands, Except Where Noted)										
BCEP (Jan 2017 / Jan 2021) (h)	$ 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 (i)	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) (j)	$ 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 (k)											
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) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expenses and expired or recallable capital and may include leverage, less invested capital. This amount is not reduced by outstanding commitments to investments.

(b) Multiple of Invested Capital (“MOIC”) represents carrying value, before management fees, expenses and Performance Revenues, divided by invested capital.

(c) 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.

(d) 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.

(e) 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.

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

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

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

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

(j) BSCH, or Blackstone Strategic Capital Holdings, is focused on acquiring strategic minority positions in alternative asset managers.

(k) 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.

Segment Analysis

Discussed below is our Segment Distributable Earnings for each of our segments. This information is reflected in the manner utilized by our senior management to make operating decisions, assess performance and allocate resources. References to "our" sectors or investments may also refer to portfolio companies and investments of the underlying funds that we manage.

Real Estate

The following table presents the results of operations for our Real Estate segment:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(Dollars in Thousands)						
Management Fees, Net							
Base Management Fees	$ 985,399	$ 872,191	$ 795,161	$ 113,208	13%	$ 77,030	10%
Transaction and Other Fees, Net	152,513	82,781	95,324	69,732	84%	(12,543)	-13%
Management Fee Offsets	(11,442)	(15,934)	(7,322)	4,492	-28%	(8,612)	118%
Total Management Fees, Net	1,126,470	939,038	883,163	187,432	20%	55,875	6%
Fee Related Performance Revenues	124,502	79,500	18,178	45,002	57%	61,322	337%
Fee Related Compensation	(459,430)	(437,311)	(379,331)	(22,119)	5%	(57,980)	15%
Other Operating Expenses	(146,260)	(136,042)	(137,581)	(10,218)	8%	1,539	-1%
Fee Related Earnings	645,282	445,185	384,429	200,097	45%	60,756	16%
Realized Performance Revenues	914,984	2,141,374	1,214,931	(1,226,390)	-57%	926,443	76%
Realized Performance Compensation	(284,319)	(751,526)	(335,147)	467,207	-62%	(416,379)	124%
Realized Principal Investment Income	92,525	255,903	122,712	(163,378)	-64%	133,191	109%
Net Realizations	723,190	1,645,751	1,002,496	(922,561)	-56%	643,255	64%
Segment Distributable Earnings	$1,368,472	$2,090,936	$1,386,925	$ (722,464)	-35%	$ 704,011	51%

N/M Not meaningful.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Segment Distributable Earnings was $1.4 billion for the year ended December 31, 2018, a decrease of $722.5 million compared to $2.1 billion for the year ended December 31, 2017. The decrease in Distributable Earnings was primarily attributable to a decrease of $922.6 million in Net Realizations, partially offset by an increase of $200.1 million in Fee Related Earnings.

Segment Distributable Earnings in our Real Estate segment in 2018 were lower compared to 2017, primarily driven by lower realizations in 2018 compared to 2017, which was a record year for realizations in our Real Estate segment. Growing macroeconomic and geopolitical concerns, such as concerns over U.S. Federal Reserve policy, Brexit, the "trade war" with China and the rate of global growth, contributed to volatility in the fourth quarter of 2018. Although our Real Estate funds had $14.7 billion of realizations in 2018, ongoing volatility could contribute to a more challenging environment for realizations going forward. Overall, operating trends in our Real Estate portfolio remain stable and supply-demand fundamentals remain positive in most markets, although decelerating growth in certain sectors, including retail, may contribute to a more challenging environment for our portfolio companies. Capital deployment in opportunistic investments in the United States continues to be challenging, as distress levels are low and asset values are relatively high. Nonetheless, our Real Estate funds deployed or committed an aggregate of $21.3 billion of capital in 2018, with approximately 50% of such aggregate capital invested or committed outside of North America. In the event global markets enter a period of slower growth relative to recent years, periods of difficult market conditions or economic slowdown (which may be across

industries, sectors or geographies) may contribute to adverse operating performance at our portfolio companies. In turn, this may limit attractive realization opportunities for our funds. To the extent interest rates continue to rise in 2019, the cost of debt financing for our real estate businesses and assets will likely increase. Rising interest rates, as well as a stronger U.S. dollar and higher inflation, would also potentially negatively impact Segment Distributable Earnings in our Real Estate segment, particularly if occurring against a backdrop of slowing economic growth. Segment Distributable Earnings in our Real Estate segment would also potentially be negatively impacted if pressure on wages and other inputs increasingly pressure profit margins. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our investment funds, making it more difficult to find opportunities for our funds to exit and realize value from existing investments and reducing the ability of our investment funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition."

Fee Related Earnings

Fee Related Earnings was $645.3 million for the year ended December 31, 2018, an increase of $200.1 million, compared to $445.2 million for the year ended December 31, 2017. The increase in Fee Related Earnings was primarily attributable to increases of $187.4 million in Management Fees, Net and $45.0 million in Fee Related Performance Revenues, partially offset by an increase of $22.1 million in Fee Related Compensation.

Management Fees, Net were $1.1 billion for the year ended December 31, 2018, an increase of $187.4 million compared to $939.0 million for the year ended December 31, 2017, primarily driven by an increase in Base Management Fees. Base Management Fees were $985.4 million for the year ended December 31, 2018, an increase of $113.2 million compared to $872.2 million for the year ended December 31, 2017, primarily due to Assets Under Management growth in our core+ real estate funds. Transaction and Other Fees, Net were $152.5 million for the year ended December 31, 2018, an increase of $69.7 million compared to $82.8 million for the year ended December 31, 2017, primarily due to $27.1 million of BREP breakup fees related to two transactions as well as increased fees from investment activity in our BREP global funds.

Fee Related Performance Revenues were $124.5 million for the year ended December 31, 2018, an increase of $45.0 million, compared to $79.5 million for the year ended December 31, 2017. The increase was due to crystallizations in BREIT and BPP U.S., and an increase in BXMT earnings.

Fee Related Compensation was $459.4 million for the year ended December 31, 2018, an increase of $22.1 million, compared to $437.3 million for the year ended December 31, 2017. The increase was primarily due to the increase in Management and Advisory Fees, Net and Fee Related Performance Revenues, on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were $723.2 million for the year ended December 31, 2018, a decrease of $922.6 million, compared to $1.6 billion for the year ended December 31, 2017. The decrease in Net Realizations was primarily attributable to decreases of $1.2 billion in Realized Performance Revenues and $163.4 million in Realized Principal Investment Income, partially offset by a decrease of $467.2 million in Realized Performance Compensation.

Realized Performance Revenues were $915.0 million for the year ended December 31, 2018, a decrease of $1.2 billion, compared to $2.1 billion for the year ended December 31, 2017. The decrease was due to record realization activity in the year ended December 31, 2017.

Realized Principal Investment Income was $92.5 million for the year ended December 31, 2018, a decrease of $163.4 million, compared to $255.9 million for the year ended December 31, 2017. The decrease was primarily due to lower Realized Principal Investment Income for BREP VI.

Realized Performance Compensation was $284.3 million for the year ended December 31, 2018, a decrease of $467.2 million, compared to $751.5 million for the year ended December 31, 2017. The decrease was due to the decrease in Realized Performance Revenues.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Segment Distributable Earnings were $2.1 billion for the year ended December 31, 2017, an increase of $704.0 million compared to $1.4 billion for the year ended December 31, 2016. The increase in Distributable Earnings was primarily attributable to increases of $60.8 million in Fee Related Earnings and $643.3 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings was $445.2 million for the year ended December 31, 2017, an increase of $60.8 million, compared to $384.4 million for the year ended December 31, 2016. The increase in Fee Related Earnings was primarily attributable to increases of $61.3 million in Fee Related Performance Revenues and $55.9 million in Management Fees, Net, partially offset by an increase of $58.0 million in Fee Related Compensation.

Fee Related Performance Revenues were $79.5 million for the year ended December 31, 2017, an increase of $61.3 million, compared to $18.2 million for the year ended December 31, 2016. The increase was due to crystallizations in BPP U.S. and BREIT.

Management Fees, Net were $939.0 million for the year ended December 31, 2017, an increase of $55.9 million compared to $883.2 million for the year ended December 31, 2016, driven by an increase in Base Management Fees, partially offset by a decrease in Transactions and Other Fees, Net. Base Management Fees were $872.2 million for the year ended December 31, 2017, an increase of $77.0 million compared to $795.2 million for the year ended December 31, 2016, primarily due to growth in our core+ real estate funds and the launch of BREP Europe V in the fourth quarter of 2016 and the corresponding expiration of its fee holiday in the second quarter of 2017. Transaction and Other Fees, Net were $82.8 million for the year ended December 31, 2017, a decrease of $12.5 million compared to $95.3 million for the year ended December 31, 2016, primarily due to the timing of investment closings in our BREP global funds.

Fee Related Compensation was $437.3 million for the year ended December 31, 2017, an increase of $58.0 million, compared to $379.3 million for the year ended December 31, 2016. The increase was primarily due to the increase in Fee Related Performance Revenues and Management Fees, Net, on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were $1.6 billion for the year ended December 31, 2017, an increase of $643.3 million compared to $1.0 billion for the year ended December 31, 2016. The increase in Net Realizations was primarily attributable to increases of $926.4 million in Realized Performance Revenues and $133.2 million in Realized Principal Investment Income, partially offset by an increase of $416.4 million in Realized Performance Compensation.

Realized Performance Revenues were $2.1 billion for the year ended December 31, 2017, an increase of $926.4 million compared to $1.2 billion for the year ended December 31, 2016. The increase was driven by record realization activity.

Realized Principal Investment Income was $255.9 million for the year ended December 31, 2017, an increase of $133.2 million, compared to $122.7 million for the year ended December 31, 2016. The increase was due to higher Realized Principal Investment Income for BREP VI.

Realized Performance Compensation was $751.5 million for the year ended December 31, 2017, an increase of $416.4 million compared to $335.1 million for the year ended December 31, 2016. The increase was due to the increase in Realized Performance Revenues.

Fund Returns

Fund return information for our significant funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative of the financial performance of The Blackstone Group L.P. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents the internal rates of return, except where noted, of our significant real estate funds:

	Year Ended December 31,						December 31, 2018 Inception to Date			
	2018		2017		2016		Realized		Total	
Fund (a)	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BREP IV	-14%	-12%	3%	3%	-12%	-10%	56%	33%	22%	12%
BREP V	-6%	-5%	11%	10%	7%	7%	15%	12%	14%	11%
BREP VI	7%	5%	28%	23%	21%	17%	18%	14%	17%	13%
BREP VII	3%	2%	22%	17%	7%	4%	37%	27%	23%	16%
BREP VIII	20%	14%	24%	16%	29%	19%	39%	27%	25%	16%
BREP International II (b)(c)	34%	29%	23%	21%	23%	23%	10%	8%	9%	8%
BREP Europe III (b)	-18%	-15%	25%	20%	-4%	-4%	30%	21%	23%	15%
BREP Europe IV (b)	20%	14%	33%	26%	14%	10%	34%	25%	24%	17%
BREP Europe V (b)	25%	17%	N/M	N/M	N/A	N/A	N/M	N/M	29%	18%
BREP Asia I	10%	7%	27%	19%	30%	21%	30%	21%	22%	15%
BREP Asia II	N/M	N/M	N/A	N/A	N/A	N/A	N/M	N/M	N/M	N/M
BREP Co-Investment (d)	-1%	—	24%	22%	16%	14%	18%	16%	17%	15%
BPP (e)	11%	10%	13%	10%	11%	10%	N/M	N/M	13%	11%
BREDS Drawdown	8%	5%	15%	11%	14%	10%	15%	11%	15%	10%
BREDS Liquid (f)	6%	4%	11%	8%	2%	—	N/A	N/A	11%	8%
BXMT (g)	N/A	7%	N/A	16%	N/A	23%	N/A	N/A	N/A	12%
BREIT (g)	N/A	8%	N/A	10%	N/A	N/A	N/A	N/A	N/A	9%

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) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Revenues.
(b) Euro-based internal rates of return.
(c) 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 an 7% Realized Net IRR and a 6% Total Net IRR.
(d) Excludes fully realized co-investments prior to Blackstone's IPO.
(e) BPP represents the core+ real estate funds which invest with a more modest risk profile and lower leverage. Excludes BREIT.

(f) BREDS Liquid represents BREDS funds that invest in liquid real estate debt securities, except funds in liquidation and insurance mandates with specific investment objectives. Effective June 30, 2018, the returns presented represent summarized asset-weighted gross and net rates of return. Inception to Date returns are presented on an annualized basis. Prior periods have been updated to reflect such rates of return.

(g) Reflects annualized return of a shareholder invested in the REIT as of the beginning of each period presented, assuming reinvestment of all dividends received during the period, and no upfront selling commission for BREIT, net of all fees and expenses incurred by the REIT. For BXMT, return incorporates the closing NYSE stock price as of each period end, and for BREIT, return incorporates the final Class S NAV/share as of each period end. Inception to date returns are from May 22, 2013 and January 1, 2017 for BXMT and BREIT, respectively.

As of December 31, 2018, the investment period for BREP International II had expired and the fund was not above its carried interest threshold. BREP International II Investors that opted out of the Hilton investment opportunity are not expected to exceed the carried interest threshold in future periods. However, since gains are not earned pro-rata, it is possible that certain BREP International II investors who participated in the Hilton investment opportunity will exceed the carried interest threshold in future periods.

The Real Estate segment has three funds in their investment period, which were above their respective carried interest thresholds as of December 31, 2018: BREP VIII, BREP Europe V and BREDS III.

Private Equity

The following table presents the results of operations for our Private Equity segment:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(Dollars in Thousands)						
Management and Advisory Fees, Net							
Base Management Fees	$ 785,223	$ 724,818	$ 555,593	$ 60,405	8%	$ 169,225	30%
Transaction, Advisory and Other Fees, Net	58,165	57,624	39,283	541	1%	18,341	47%
Management Fee Offsets	(13,504)	(18,007)	(34,810)	4,503	-25%	16,803	-48%
Total Management and Advisory Fees, Net	829,884	764,435	560,066	65,449	9%	204,369	36%
Fee Related Compensation	(375,446)	(347,562)	(298,149)	(27,884)	8%	(49,413)	17%
Other Operating Expenses	(133,096)	(120,997)	(130,685)	(12,099)	10%	9,688	-7%
Fee Related Earnings	321,342	295,876	131,232	25,466	9%	164,644	125%
Realized Performance Revenues	757,406	1,157,188	245,268	(399,782)	-35%	911,920	372%
Realized Performance Compensation	(318,167)	(404,544)	(110,882)	86,377	-21%	(293,662)	265%
Realized Principal Investment Income	109,731	154,837	73,377	(45,106)	-29%	81,460	111%
Net Realizations	548,970	907,481	207,763	(358,511)	-40%	699,718	337%
Segment Distributable Earnings	$ 870,312	$1,203,357	$ 338,995	$(333,045)	-28%	$ 864,362	255%

N/M Not meaningful.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Segment Distributable Earnings was $870.3 million for the year ended December 31, 2018, a decrease of $333.0 million compared to $1.2 billion for the year ended December 31, 2017. The decrease in Distributable Earnings was primarily attributable to a decrease of $358.5 million in Net Realizations, partially offset by an increase of $25.5 million in Fee Related Earnings.

Segment Distributable Earnings in our Private Equity segment in 2018 were lower compared to 2017, primarily driven by lower Realized Performance Revenues for BCP V, which had a number of large realizations in the

comparable 2017 period. Growing macroeconomic and geopolitical concerns, such as concerns over U.S. Federal Reserve policy, Brexit, the "trade war" with China and the rate of global growth, contributed to volatility in the fourth quarter of 2018. Although realizations of $10.4 billion in 2018 reflected solid realization activity across corporate private equity, Tactical Opportunities and Strategic Partners, ongoing volatility could contribute to a more challenging environment for realizations going forward. The market environment continues to be generally characterized by high prices, and this can make deployment of capital more difficult. Nonetheless, we deployed or committed an aggregate of $19.3 billion of capital across the segment in 2018. Decelerating growth in certain sectors may contribute to a more challenging environment for our portfolio companies. In the event global markets enter a period of slower growth relative to recent years, periods of difficult market conditions or economic slowdown (which may be across industries, sectors or geographies) may contribute to adverse operating performance at our portfolio companies. In turn, this may limit attractive realization opportunities for our funds. To the extent interest rates continue to rise in 2019, the cost of debt financing for us and our portfolio companies will likely increase. Rising interest rates, as well as a stronger U.S. dollar and higher inflation, would also potentially negatively impact Segment Distributable Earnings in our Private Equity segment, particularly if occurring against a backdrop of slowing economic growth. Segment Distributable Earnings in the Private Equity segment would also potentially be negatively impacted if pressure on wages and other inputs and higher tariffs increasingly pressure profit margins. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our investment funds, making it more difficult to find opportunities for our funds to exit and realize value from existing investments and reducing the ability of our investment funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition."

Fee Related Earnings

Fee Related Earnings was $321.3 million for the year ended December 31, 2018, an increase of $25.5 million, compared to $295.9 million for the year ended December 31, 2017. The increase in Fee Related Earnings was primarily attributable to an increase of $65.4 million in Management and Advisory Fees, Net, partially offset by an increase of $27.9 million in Fee Related Compensation.

Management and Advisory Fees, Net were $829.9 million for the year ended December 31, 2018, an increase of $65.4 million compared to $764.4 million for the year ended December 31, 2017, primarily driven by an increase in Base Management Fees. Base Management Fees were $785.2 million for the year ended December 31, 2018, an increase of $60.4 million compared to $724.8 million for the year ended December 31, 2017, primarily due to the launch of BCP Asia and the third vintage of Tactical Opportunities.

Fee Related Compensation was $375.4 million for the year ended December 31, 2018, an increase of $27.9 million, compared to $347.6 million for the year ended December 31, 2017. The increase was primarily due to the increase in Management and Advisory Fees, Net, on which a portion of Fee Related Compensation is based, as well as investment in our infrastructure initiative.

Net Realizations

Net Realizations were $549.0 million for the year ended December 31, 2018, a decrease of $358.5 million, compared to $907.5 million for the year ended December 31, 2017. The decrease in Net Realizations was primarily attributable to decreases of $399.8 million in Realized Performance Revenues and $45.1 million in Realized Principal Investment Income, partially offset by a decrease of $86.4 million in Realized Performance Compensation.

Realized Performance Revenues were $757.4 million for the year ended December 31, 2018, a decrease of $399.8 million, compared to $1.2 billion for the year ended December 31, 2017. The decrease was primarily due to lower Realized Performance Revenues for BCP V.

Realized Principal Investment Income was $109.7 million for the year ended December 31, 2018, a decrease of $45.1 million, compared to $154.8 million for the year ended December 31, 2017. The decrease was primarily due to lower Realized Principal Investment income for BCP V.

Realized Performance Compensation was $318.2 million for the year ended December 31, 2018, a decrease of $86.4 million, compared to $404.5 million for the year ended December 31, 2017. The decrease was due to the decrease in Realized Performance Revenues.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Segment Distributable Earnings was $1.2 billion for the year ended December 31, 2017, an increase of $864.4 million compared to $339.0 million for the year ended December 31, 2016. The increase in Distributable Earnings was primarily attributable to increases of $164.6 million in Fee Related Earnings and $699.7 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings was $295.9 million for the year ended December 31, 2017, an increase of $164.6 million compared to $131.2 million for the year ended December 31, 2016. The increase in Fee Related Earnings was primarily attributable to an increase of $204.4 million in Management and Advisory Fees, Net, partially offset by an increase of $49.4 million in Fee Related Compensation.

Management and Advisory Fees, Net were $764.4 million for the year ended December 31, 2017, an increase of $204.4 million compared to $560.1 million for the year ended December 31, 2016, driven primarily by an increase in Base Management Fees. Base Management Fees were $724.8 million for the year ended December 31, 2017, an increase of $169.2 million compared to $555.6 million for the year ended December 31, 2016, primarily due to higher management fees, as a result of the conclusion of a six-month fee holiday for BCP VII in the fourth quarter of 2016.

The Annualized Base Management Fee Rate increased from 0.93% at December 31, 2016 to 1.07% at December 31, 2017. The increase was principally due to the conclusion of a six-month fee holiday for BCP VII, which commenced its investment period in the second quarter of 2016.

Fee Related Compensation was $347.6 million for the year ended December 31, 2017, an increase of $49.4 million, compared to $298.1 million for the year ended December 31, 2016. The increase was primarily due to the increase in Management and Advisory Fees, Net, on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were $907.5 million for the year ended December 31, 2017, an increase of $699.7 million compared to $207.8 million for the year ended December 31, 2016. The increase in Net Realizations was primarily attributable to an increase of $911.9 million in Realized Performance Revenues, partially offset by an increase of $293.7 million in Realized Performance Compensation.

Realized Performance Revenues were $1.2 billion for the year ended December 31, 2017, an increase of $911.9 million compared to $245.3 million for the year ended December 31, 2016. The increase was primarily due to higher Realized Performance Revenues for BCP V and BCP VI.

Realized Performance Compensation was $404.5 million for the year ended December 31, 2017, an increase of $293.7 million compared to $110.9 million for the year ended December 31, 2016. The increase was due to the increase in Realized Performance Revenues.

Fund Returns

Fund returns information for our significant funds is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information

reflected in this discussion and analysis is not indicative of the financial performance of The Blackstone Group L.P. and is also not necessarily indicative of the future performance of any particular fund. An investment in The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents the internal rates of return of our significant private equity funds:

	Year Ended December 31,						December 31, 2018 Inception to Date			
	2018		2017		2016		Realized		Total	
Fund (a)	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BCP IV	6%	5%	1%	1%	22%	19%	55%	41%	50%	36%
BCP V	-6%	-5%	12%	9%	9%	7%	11%	9%	10%	8%
BCP VI	17%	14%	27%	22%	12%	9%	27%	21%	18%	13%
BCP VII	43%	28%	29%	12%	N/M	N/M	65%	21%	38%	21%
BEP I	18%	15%	16%	13%	9%	7%	32%	26%	17%	13%
BEP II	32%	20%	15%	6%	93%	51%	66%	40%	28%	15%
BCOM	3%	2%	-3%	-4%	18%	16%	13%	7%	13%	6%
Tactical Opportunities	13%	9%	16%	13%	12%	9%	26%	21%	15%	11%
Tactical Opportunities Co-Investment and Other	13%	11%	28%	21%	8%	5%	28%	28%	17%	14%
Strategic Partners I-Vand Co-Investment (b)	9%	6%	12%	11%	-5%	-5%	N/A	N/A	16%	13%
Strategic Partners VI LBO, RE and SMA (b)	16%	13%	17%	13%	6%	4%	N/A	N/A	24%	19%
Strategic Partners VII (b)	32%	27%	103%	82%	N/M	N/M	N/A	N/A	47%	37%
Strategic Partners RA II (b)	31%	20%	N/M	N/M	N/A	N/A	N/A	N/A	26%	17%

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) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Revenues.
(b) Realizations are treated as return of capital until fully recovered and therefore inception to date realized returns are not applicable.

The corporate private equity funds within the Private Equity segment have five funds with closed investment periods: BCP IV, BCP V, BCP VI, BCOM and BEP I. As of December 31, 2018, BCP IV was above its carried interest threshold (i.e., the preferred return payable to its limited partners before the general partner is eligible to receive carried interest) and would still be above its carried interest threshold even if all remaining investments were valued at zero. BCP V is comprised of two fund classes based on the timings of fund closings, the BCP V “main fund” and BCP V-AC fund. Within these fund classes, the general partner is subject to equalization such that (a) the general partner accrues carried interest when the respective carried interest for either fund class is positive and (b) the general partner realizes carried interest so long as clawback obligations, if any, for either of the respective fund classes are fully satisfied. During the quarter, BCP V is currently below its carried interest threshold, while BCP V-AC is above its carried interest threshold. BCP VI is currently above its carried interest threshold. BCOM is currently above its carried interest threshold. We are entitled to retain previously realized carried interest up to 20% of BCOM’s net gains. As a result, Performance Revenues are recognized from BCOM on current period gains and losses. BEP I is currently above its carried interest threshold.

Hedge Fund Solutions

The following table presents the results of operations for our Hedge Fund Solutions segment:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(Dollars in Thousands)						
Management Fees, Net							
Base Management Fees	$ 519,782	$ 516,048	$ 521,736	$ 3,734	1%	$ (5,688)	-1%
Transaction and Other Fees, Net	3,180	2,980	1,061	200	7%	1,919	181%
Management Fee Offsets	(93)	(93)	—	—	—	(93)	N/M
Total Management Fees, Net	522,869	518,935	522,797	3,934	1%	(3,862)	-1%
Fee Related Compensation	(162,172)	(146,924)	(153,645)	(15,248)	10%	6,721	-4%
Other Operating Expenses	(77,772)	(68,265)	(75,870)	(9,507)	14%	7,605	-10%
Fee Related Earnings	282,925	303,746	293,282	(20,821)	-7%	10,464	4%
Realized Performance Revenues	42,419	154,343	42,177	(111,924)	-73%	112,166	266%
Realized Performance Compensation	(21,792)	(40,707)	(15,029)	18,915	-46%	(25,678)	171%
Realized Principal Investment Income (Loss)	17,039	9,074	(7,224)	7,965	88%	16,298	N/M
Net Realizations	37,666	122,710	19,924	(85,044)	-69%	102,786	516%
Segment Distributable Earnings	$ 320,591	$ 426,456	$ 313,206	$(105,865)	-25%	$113,250	36%

N/M Not meaningful.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Segment Distributable Earnings was $320.6 million for the year ended December 31, 2018, a decrease of $105.9 million compared to $426.5 million for the year ended December 31, 2017. The decrease in Distributable Earnings was primarily attributable to decreases of $20.8 million in Fee Related Earnings and $85.0 million in Net Realizations.

Segment Distributable Earnings in our Hedge Fund Solutions segment in 2018 were lower compared to 2017 driven primarily by lower Realized Performance Revenues as a result of lower returns in a number of strategies, including equities and credit. Segment Distributable Earnings in the Hedge Fund Solutions segment would likely be negatively impacted in the event of a significant or sustained decline in global, regional or sector asset prices, deterioration of global market conditions, or withdrawal of assets by investors as a result of liquidity needs, performance or other reasons. In addition, Segment Distributable Earnings in our Hedge Fund Solutions segment may be negatively impacted by a prolonged weak equity market environment, which may be caused by concerns over macroeconomic and geopolitical factors such as a rise in interest rate and concerns over Brexit, the “trade war” with China and the rate of global growth. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our investment funds, making it more difficult to find opportunities for our funds to exit and realize value from existing investments and reducing the ability of our investment funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition” and “— Hedge fund investments are subject to numerous additional risks.” The segment operates multiple business lines, manages strategies that are both long and short asset classes and generates a majority of its revenue through management fees, which we believe may provide a level of downside protection to Hedge Fund Solutions Segment Distributable Earnings. Over time we anticipate an increasing change in the mix of our product offerings to products whose performance based fees represent a more significant proportion of the fees than has historically been the case for such products.

Fee Related Earnings

Fee Related Earnings was $282.9 million for the year ended December 31, 2018, a decrease of $20.8 million, compared to $303.7 million for the year ended December 31, 2017. The decrease in Fee Related Earnings was primarily attributable to increases of $15.2 million in Fee Related Compensation and $9.5 million in Other Operating Expenses.

Fee Related Compensation was $162.2 million for the year ended December 31, 2018, an increase of $15.2 million, compared to $146.9 million for the year ended December 31, 2017. The increase was primarily due to a lower deferral on Compensation.

Other Operating Expenses were $77.8 million for the year ended December 31, 2018, an increase of $9.5 million, compared to $68.3 million for the year ended December 31, 2017. The increase was primarily due to an increase in professional fees, including legal expenses.

Net Realizations

Net Realizations were $37.7 million for the year ended December 31, 2018, a decrease of $85.0 million, compared to $122.7 million for the year ended December 31, 2017. The decrease in Net Realizations was primarily attributable to a decrease of $111.9 million in Realized Performance Revenues, partially offset by a decrease of $18.9 million in Realized Performance Compensation.

Realized Performance Revenues were $42.4 million for the year ended December 31, 2018, a decrease of $111.9 million, compared to $154.3 million for the year ended December 31, 2017. The decrease was primarily driven by lower returns across a number of strategies, including customized solutions, commingled products, individual investor and specialized solutions, compared to the year ended December 31, 2017.

Realized Performance Compensation was $21.8 million for the year ended December 31, 2018, a decrease of $18.9 million, compared to $40.7 million for the year ended December 31, 2017. The decrease was due to the decrease in Realized Performance Revenues.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Segment Distributable Earnings was $426.5 million for the year ended December 31, 2017, an increase of $113.3 million compared to $313.2 million for the year ended December 31, 2016. The increase in Distributable Earnings was primarily attributable to an increase of $102.8 million in Net Realizations, while Fee Related Earnings stayed relatively flat.

Net Realizations

Net Realizations were $122.7 million for the year ended December 31, 2017, an increase of $102.8 million compared to $19.9 million for the year ended December 31, 2016. The increase in Net Realizations was primarily attributable to increases of $112.2 million in Realized Performance Revenues and $16.3 million in Realized Principal Investment Income, partially offset by an increase of $25.7 million in Realized Performance Compensation.

Realized Performance Revenues were $154.3 million for the year ended December 31, 2017, an increase of $112.2 million compared to $42.2 million for the year ended December 31, 2016. The increase in Realized Performance Revenues in our Hedge Fund Solutions segment was primarily driven by higher returns in our BPS Composite, 8.3% gross (7.3% net) for the year ended December 31, 2017 compared to 3.5% gross (2.7% net) for the year ended December 31, 2016.

Realized Principal Investment Income was $9.1 million for the year ended December 31, 2017, an increase of $16.3 million, compared to $(7.2) million for the year ended December 31, 2016. The increase was primarily driven by the year over year net appreciation of investments of which Blackstone owns a share.

Realized Performance Compensation was $40.7 million for the year ended December 31, 2017, an increase of $25.7 million compared to $15.0 million for the year ended December 31, 2016. The increase was due to the increase in Realized Performance Revenues.

Operating Metrics

The following table presents information regarding our Incentive Fee-Earning Assets Under Management:

	Fee-Earning Assets Under Management Eligible for Incentive Fees			Estimated % Above High Water Mark/Benchmark (a)		
	December 31,			December 31,		
	2018	2017	2016	2018	2017	2016
	(Dollars in Thousands)					
Hedge Fund Solutions Managed Funds (b)	$42,393,275	$41,238,330	$36,664,203	46%	91%	78%

(a) Estimated % Above High Water Mark/Benchmark represents the percentage of Fee-Earning Assets Under Management Eligible for Incentive Fees that as of the dates presented would earn incentive fees when the applicable Hedge Fund Solutions managed fund has positive investment performance relative to a benchmark, where applicable. Incremental positive performance in the applicable Blackstone Funds may cause additional assets to reach their respective High Water Mark or clear a benchmark return, thereby resulting in an increase in Estimated % Above High Water Mark/Benchmark.

(b) For the Hedge Fund Solutions managed funds, at December 31, 2018, the incremental appreciation needed for the 54% of Fee-Earning Assets Under Management below their respective High Water Marks/Benchmarks to reach their respective High Water Marks/Benchmarks was $856.7 million, an increase of $457.2 million, compared to $399.6 million at December 31, 2017. Of the Fee-Earning Assets Under Management below their respective High Water Marks/ Benchmarks as of December 31, 2018, 91% were within 5% of reaching their respective High Water Mark.

Composite Returns

Composite returns information is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The composite returns information reflected in this discussion and analysis is not indicative of the financial performance of The Blackstone Group L.P. and is also not necessarily indicative of the future results of any particular fund. An investment in The Blackstone Group L.P. is not an investment in any of our funds or composites. There can be no assurance that any of our funds or composites or our other existing and future funds or composites will achieve similar returns.

The following table presents the return information of the BAAM Principal Solutions Composite:

	Average Annual Returns (a)							
	Periods Ended December 31, 2018							
	One Year		Three Year		Five Year		Historical	
Composite	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BAAM Principal Solutions Composite (b)	2%	1%	5%	4%	5%	4%	7%	6%

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

(a) Composite returns present a summarized asset-weighted return measure to evaluate the overall performance of the applicable class of Blackstone Funds.

(b) BAAM's Principal Solutions ("BPS") Composite covers the period from January 2000 to present, although BAAM's inception date is September 1990. The BPS Composite includes only BAAM-managed commingled and customized multi-manager funds and accounts. None of the other platforms/strategies managed through the Blackstone Hedge Fund Solutions Group are included in the composite (except for investments by BPS funds/

accounts directly into those platforms/strategies). BAAM-managed funds in liquidation and non-fee-paying assets (in the case of net returns) are excluded from the composite. The historical return is from January 1, 2000.

Credit

The following table presents the results of operations for our Credit segment:

	Year Ended December 31,			2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(Dollars in Thousands)						
Management Fees, Net							
Base Management Fees	$ 553,921	$ 567,334	$ 525,289	$ (13,413)	-2%	$ 42,045	8%
Transaction and Other Fees, Net	15,640	13,431	9,190	2,209	16%	4,241	46%
Management Fee Offsets	(12,332)	(32,382)	(37,512)	20,050	-62%	5,130	-14%
Total Management Fees, Net	557,229	548,383	496,967	8,846	2%	51,416	10%
Fee Related Performance Revenues	(666)	89,945	83,252	(90,611)	N/M	6,693	8%
Fee Related Compensation	(219,098)	(253,842)	(223,313)	34,744	-14%	(30,529)	14%
Other Operating Expenses	(131,200)	(99,562)	(87,700)	(31,638)	32%	(11,862)	14%
Fee Related Earnings	206,265	284,924	269,206	(78,659)	-28%	15,718	6%
Realized Performance Revenues	96,962	194,902	43,210	(97,940)	-50%	151,692	351%
Realized Performance Compensation	(53,863)	(100,834)	(22,199)	46,971	-47%	(78,635)	354%
Realized Principal Investment Income	16,763	16,380	11,004	383	2%	5,376	49%
Net Realizations	59,862	110,448	32,015	(50,586)	-46%	78,433	245%
Segment Distributable Earnings	$ 266,127	$ 395,372	$ 301,221	$(129,245)	-33%	$ 94,151	31%

N/M Not meaningful.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Segment Distributable Earnings was $266.1 million for the year ended December 31, 2018, a decrease of $129.2 million compared to $395.4 million for the year ended December 31, 2017. The decrease in Distributable Earnings was primarily attributable to decreases of $78.7 million in Fee Related Earnings and $50.6 million in Net Realizations.

Segment Distributable Earnings in our Credit segment in 2018 were lower compared to 2017, primarily driven by lower Fee Related Earnings a as a result of the conclusion of our investment sub-advisory relationship with FS Investments in April 2018. Lower Segment Distributable Earnings were also driven by lower Net Realizations in 2018 compared to 2017 as a result of a mezzanine fund crossing its carried interest threshold in 2017, which resulted in higher Realized Performance Revenues in such prior period. In 2018, the investment pace across our Credit segment remained active, with $7.6 billion of capital deployed. To the extent interest rates continue to rise in 2019, and such rise occurs concurrently with a period of economic weakness or slowdown in growth, capital deployment in our Credit segment may be challenged. In addition, interest rate increases could adversely affect Segment Distributable Earnings in our Credit segment, although we believe our current portfolio is somewhat insulated because much of our debt portfolio is floating rate, short duration and/or held to maturity. Our Segment Distributable Earnings in our Credit segment may also be negatively impacted by our failure to accurately assess and react to risk, such as, for example, a sustained period of depressed energy and commodity prices or weakened market fundamentals, which may lead to, among other things, ratings downgrades. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our investment funds, making it more difficult to find opportunities for our funds to exit and realize value from existing investments and reducing

the ability of our investment funds to raise or deploy capital, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition."

Fee Related Earnings

Fee Related Earnings was $206.3 million for the year ended December 31, 2018, a decrease of $78.7 million, compared to $284.9 million for the year ended December 31, 2017. The decrease in Fee Related Earnings was primarily attributable to a decrease of $90.6 million in Fee Related Performance Revenues and an increase of $31.6 million in Other Operating Expenses, partially offset by a decrease of $34.7 million in Fee Related Compensation.

Fee Related Performance Revenues were $(0.7) million for the year ended December 31, 2018, a decrease of $90.6 million, compared to $89.9 million for the year ended December 31, 2017. The decrease was due to the conclusion of our sub-advisory relationship with FS Investments (see "—Notable Transactions").

Other Operating Expenses were $131.2 million for the year ended December 31, 2018, an increase of $31.6 million, compared to $99.6 million for the year ended December 31, 2017. The increase was primarily due to the growth in our new business initiatives, including our BIS, as well as a full year of Harvest-related expenses following its acquisition in the fourth quarter of 2017.

Fee Related Compensation was $219.1 million for the year ended December 31, 2018, a decrease of $34.7 million, compared to $253.8 million for the year ended December 31, 2017. The decrease was primarily due to the decrease in Fee Related Performance Revenues, on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were $59.9 million for the year ended December 31, 2018, a decrease of $50.6 million, compared to $110.4 million for the year ended December 31, 2017. The decrease in Net Realizations was primarily attributable to a decrease of $97.9 million in Realized Performance Revenues, partially offset by a decrease of $47.0 million in Realized Performance Compensation.

Realized Performance Revenues were $97.0 million for the year ended December 31, 2018, a decrease of $97.9 million, compared to $194.9 million for the year ended December 31, 2017. The decrease was primarily attributable to a mezzanine fund crossing its carry threshold during the year ended December 31, 2017, resulting in higher Realized Performance Revenues compared to the year ended December 31, 2018.

Realized Performance Compensation was $53.9 million for the year ended December 31, 2018, a decrease of $47.0 million, compared to $100.8 million for the year ended December 31, 2017. The decrease was due to the decrease in Realized Performance Revenues.

Year Ended December 31, 2017 Compared to December 31, 2016

Segment Distributable Earnings was $395.4 million for the year ended December 31, 2017, an increase of $94.2 million compared to $301.2 million for the year ended December 31, 2016. The increase in Distributable Earnings was primarily attributable to increases of $15.7 million in Fee Related Earnings and $78.4 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings was $284.9 million for the year ended December 31, 2017, an increase of $15.7 million, compared to $269.2 million for the year ended December 31, 2016. The increase in Fee Related Earnings was primarily attributable to an increase of $51.4 million in Management Fees, Net, partially offset by increases of $30.5 million in Fee Related Compensation and $11.9 million in Other Operating Expenses.

Management Fees, Net were $548.4 million for the year ended December 31, 2017, an increase of $51.4 million compared to $497.0 million for the year ended December 31, 2016. The increase was primarily attributable to our performing credit and energy portfolios, as well as Harvest.

The Annualized Base Management Fee Rate decreased from 0.78% at December 31, 2016 to 0.56% at December 31, 2017. The decrease was principally due to the inclusion of our insurance solutions initiative and the related fee holiday in the fourth quarter of 2017.

Fee Related Compensation was $253.8 million for the year ended December 31, 2017, an increase of $30.5 million, compared to $223.3 million for the year ended December 31, 2016. The increase was primarily due to the increase in Management Fees, Net, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were $99.6 million for the year ended December 31, 2017, an increase of $11.9 million compared to $87.7 million for the year ended December 31, 2016. The increase was driven by increases in professional fees, fundraising costs and certain one-time expenses.

Net Realizations

Net Realizations were $110.4 million for the year ended December 31, 2017, an increase of $78.4 million compared to $32.0 million for the year ended December 31, 2016. The increase in Net Realizations was primarily attributable to an increase of $151.7 million in Realized Performance Revenues, partially offset by an increase of $78.6 million in Realized Performance Compensation.

Realized Performance Revenues were $194.9 million for the year ended December 31, 2017, an increase of $151.7 million compared to $43.2 million for the year ended December 31, 2016. The increase was primarily attributable to a mezzanine fund crossing its carry threshold during the year ended December 31, 2017, resulting in higher Realized Performance Revenues compared to the year ended December 31, 2016.

Realized Performance Compensation was $100.8 million for the year ended December 31, 2017, an increase of $78.6 million compared to $22.2 million for the year ended December 31, 2016. The increase was due to the increase in Realized Performance Revenues.

Fund Returns

Fund return information for our significant businesses is included throughout this discussion and analysis to facilitate an understanding of our results of operations for the periods presented. The fund returns information reflected in this discussion and analysis is not indicative of the financial performance of The Blackstone Group L.P. and is also not necessarily indicative of the future results of any particular fund. An investment in The Blackstone Group L.P. is not an investment in any of our funds. There can be no assurance that any of our funds or our other existing and future funds will achieve similar returns.

The following table presents combined internal rates of return of the segment's performing credit and distressed strategies funds:

	Year Ended December 31,						Inception to December 31, 2018	
	2018		2017		2016		Total	
Composite (a)	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Performing Credit Strategies (b)	9%	6%	11%	6%	23%	17%	14%	8%
Distressed Strategies (c)	-3%	-3%	8%	5%	18%	13%	10%	6%

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

(a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Allocations, net of tax advances.
(b) Performing Credit Strategies include mezzanine lending funds, BDCs and other performing credit strategy funds. Performing Credit Strategies' returns represent the IRR of the combined cash flows of the fee-earning funds exceeding $100 million of fair value at each respective quarter end excluding the Blackstone Funds that were contributed to GSO as part of Blackstone's acquisition of GSO in March 2008. The inception to date returns are from July 16, 2007.
(c) Distressed Strategies include stressed/distressed funds, credit alpha strategies and energy strategies. Distressed Strategies' returns represent the IRR of the combined cash flows of the fee-earning funds exceeding $100 million of fair value at each respective quarter end. The inception to date returns are from August 1, 2005.

As of December 31, 2018, there was $15.4 billion of Performance Revenue eligible assets under management invested in Credit strategies that were above the hurdle necessary to generate Incentive Fees or Performance Allocations. This represented 34% of the total Performance Revenue eligible assets at fair value across all Credit strategies.

Non-GAAP Financial Measures

These non-GAAP financial measures are presented without the consolidation of any Blackstone Funds that are consolidated into the Consolidated Financial Statements. Consequently, all non-GAAP financial measures exclude the assets, liabilities and operating results related to the Blackstone Funds. See "— Key Financial Measures and Indicators" for our definitions of Distributable Earnings, Segment Distributable Earnings, Fee Related Earnings and Adjusted EBITDA.

Effective July 1, 2018, Fee Related Earnings has been redefined to include Fee Related Performance Revenues and Fee Related Performance Compensation. There was no change to Distributable Earnings. All prior periods have been recast to reflect this definition.

Effective as of and for the three months ended December 31, 2018, Blackstone senior management determined that Segment Distributable Earnings, and not Economic Income, is the measure that it uses to assess the performance of its business segments. Segment Distributable Earnings is used by management to make operating decisions, allocate resources and determine the compensation of employees across all of its business segments. All prior periods have been recast to reflect these updates.

Table of Contents

The following table is a reconciliation of Net Income Attributable to The Blackstone Group L.P. to Distributable Earnings, Total Segment Distributable Earnings, Fee Related Earnings and Adjusted EBITDA for the years ended December 31, 2018, 2017 and 2016:

(Dollars in Thousands)	Twelve Months Ended December 31, 2018	2017	2016
Net Income Attributable to The Blackstone Group L.P.	**$ 1,541,788**	**$ 1,471,374**	**$ 1,039,014**
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,364,989	1,392,323	960,099
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	358,878	497,439	246,152
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,104)	13,806	3,977
Net Income	**$ 3,263,551**	**$ 3,374,942**	**$ 2,249,242**
Provision for Taxes	249,390	743,147	132,362
Income Before Provision for Taxes	**$ 3,512,941**	**$ 4,118,089**	**$ 2,381,604**
Transaction-Related Charges (a)	(261,916)	(176,531)	264,937
Amortization of Intangibles (b)	59,994	48,297	84,466
Impact of Consolidation (c)	(356,774)	(511,245)	(250,129)
Unrealized Performance Revenues (d)	(561,163)	105,432	(530,120)
Unrealized Performance Allocations Compensation (e)	319,742	103,794	333,528
Unrealized Principal Investment (Income) Loss (f)	65,851	131,206	(20,421)
Other Revenues (g)	(89,468)	140,051	(54,712)
Equity-Based Compensation (h)	158,220	107,110	79,571
Taxes and Related Payables (i)	(153,865)	(189,988)	(167,149)
Distributable Earnings	**$ 2,693,562**	**$ 3,876,215**	**$ 2,121,575**
Taxes and Related Payables (i)	153,865	189,988	167,149
Net Interest (Income) Loss (j)	(21,925)	49,918	51,623
Total Segment Distributable Earnings	**$ 2,825,502**	**$ 4,116,121**	**$ 2,340,347**
Realized Performance Revenues (k)	(1,811,771)	(3,647,807)	(1,545,586)
Realized Performance Compensation (l)	678,141	1,297,611	483,257
Realized Principal Investment Income (m)	(236,058)	(436,194)	(199,869)
Fee Related Earnings	**$ 1,455,814**	**$ 1,329,731**	**$ 1,078,149**
Adjusted EBITDA Reconciliation			
Distributable Earnings	**$ 2,693,562**	**$ 3,876,215**	**$ 2,121,575**
Interest Expense (n)	159,838	192,838	148,022
Taxes and Related Payables (i)	153,865	189,988	167,149
Depreciation and Amortization	23,882	25,228	31,971
Adjusted EBITDA	**$ 3,031,147**	**$ 4,284,269**	**$ 2,468,717**

(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.

	Year Ended December 31,		
	2018	2017	2016
GAAP Unrealized Performance Allocations	$561,373	$(105,473)	$530,114
Segment Adjustment	(210)	41	6
Unrealized Performance Revenues	$561,163	$(105,432)	$530,120

(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.

	Year Ended December 31,		
	2018	2017	2016
GAAP Unrealized Principal Investment Income	$ 49,917	$ 42,605	$ 77,314
Segment Adjustment	(115,768)	(173,811)	(56,893)
Unrealized Principal Investment Income (Loss)	$ (65,851)	$(131,206)	$ 20,421

(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.

	Year Ended December 31,		
	2018	2017	2016
GAAP Other Revenue	$ 672,317	$(133,229)	$54,753
Segment Adjustment	(582,849)	(6,822)	(41)
Other Revenue	$ 89,468	$(140,051)	$54,712

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

(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.

	Year Ended December 31,		
	2018	2017	2016
Taxes	$ 90,022	$101,531	$ 92,263
Related Payables	63,843	88,457	74,886
Taxes and Related Payables	$153,865	$189,988	$167,149

(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.

	Year Ended December 31,		
	2018	2017	2016
GAAP Interest and Dividend Revenue	$171,947	$139,696	$ 95,724
Segment Adjustment	9,816	3,224	675
Interest and Dividend Revenue	181,763	142,920	96,399
GAAP Interest Expense	163,990	197,486	152,654
Segment Adjustment	(4,152)	(4,648)	(4,632)
Interest Expense	159,838	192,838	148,022
Net Interest Income (Loss)	$ 21,925	$ (49,918)	$ (51,623)

(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.

Liquidity and Capital Resources

General

Blackstone's business model derives revenue primarily from third party assets under management. Blackstone is not a capital or balance sheet intensive business and targets operating expense levels such that total management and advisory fees exceed total operating expenses each period. As a result, we require limited capital resources to support the working capital or operating needs of our businesses. We draw primarily on the long-term committed capital of our limited partner investors to fund the investment requirements of the Blackstone Funds and use our own realizations and cash flows to invest in growth initiatives, make commitments to our own funds, where our minimum general partner commitments are generally less than 5% of the limited partner commitments of a fund, and pay distributions to unitholders.

Fluctuations in our statement of financial condition result primarily from activities of the Blackstone Funds which are consolidated as well as business transactions, such as the issuance of senior notes described below. The majority economic ownership interests of the Blackstone Funds are reflected as Redeemable Non-Controlling Interests in Consolidated Entities, and Non-Controlling Interests in Consolidated Entities in the Consolidated Financial Statements. The consolidation of these Blackstone Funds has no net effect on the Partnership's Net Income or Partners' Capital. Additionally, fluctuations in our statement of financial condition also include appreciation or depreciation in Blackstone investments in the Blackstone Funds, additional investments and redemptions of such interests in the Blackstone Funds and the collection of receivables related to management and advisory fees.

Total assets were $28.9 billion as of December 31, 2018, a net decrease of $5.5 billion from December 31, 2017. The decrease was principally due to a decrease of $6.3 billion in total assets attributable to consolidated Blackstone funds. The decrease in total assets attributable to consolidated Blackstone funds was primarily due to a decrease of $8.9 billion from the deconsolidation of CLOs and other fund entities, partially offset by an increase of $2.7 billion from the launch of new consolidated CLOs.

Total liabilities were $15.2 billion as of December 31, 2018, a net decrease of $5.5 billion from December 31, 2017. The decrease was principally due to a decrease of $5.9 billion in total liabilities attributable to consolidated Blackstone funds. The decrease in total liabilities attributable to consolidated Blackstone funds was primarily due to a decrease of $8.7 billion from the deconsolidation of CLOs and other fund entities, partially offset by an increase of $2.7 billion from the launch of new consolidated CLOs.

The deconsolidation of the CLOs and fund vehicles was the result of the dilution of Blackstone's ownership interests in these vehicles during the year ended December 31, 2018. As a result of the dilution, Blackstone determined that it was no longer the primary beneficiary of these VIEs under GAAP guidance and deconsolidated these vehicles. See Note 9. "Variable Interest Entities" in the "Notes to Consolidated Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data" of this filing.

Sources and Uses of Liquidity

We have multiple sources of liquidity to meet our capital needs, including annual cash flows, accumulated earnings in the businesses, the proceeds from our issuances of senior notes, liquid investments we hold on our balance sheet for our own use and access to our $1.6 billion committed revolving credit facility. On September 21, 2018, Blackstone amended and restated its revolving credit facility to, among other things, increase the amount of the revolving credit facility from $1.5 billion to $1.6 billion and to extend the maturity date of the revolving credit facility from August 31, 2021 to September 21, 2023. As of December 31, 2018, Blackstone had $2.2 billion in cash and cash equivalents, $2.5 billion invested in corporate treasury investment, $1.9 billion invested in Blackstone Funds and other investments, against $3.5 billion in borrowings from our bond issuances, and no borrowings outstanding under our revolving credit facility.

In addition to the cash we received from our debt offerings and availability under our committed revolving credit facility, we expect to receive (a) cash generated from operating activities, (b) Performance Allocations and Incentive Fee realizations, and (c) realizations on the carry and hedge fund investments that we make. The amounts received from these three sources in particular may vary substantially from year to year and quarter to quarter depending on the frequency and size of realization events or net returns experienced by our investment funds. Our available capital could be adversely affected if there are prolonged periods of few substantial realizations from our investment funds accompanied by substantial capital calls for new investments from those investment funds. Therefore, Blackstone's commitments to our funds are taken into consideration when managing our overall liquidity and cash position.

We expect that our primary liquidity needs will be cash to (a) provide capital to facilitate the growth of our existing businesses which principally includes funding our general partner and co-investment commitments to our funds, (b) provide capital to facilitate our expansion into new businesses that are complementary, (c) pay operating expenses, including cash compensation to our employees and other obligations as they arise, (d) fund modest capital expenditures, (e) repay borrowings and related interest costs, (f) pay income taxes, (g) repurchase our common units and Blackstone Holdings Partnership Units pursuant to our unit repurchase program and (h) make distributions to

Table of Contents

our unitholders and the holders of Blackstone Holdings Partnership Units. Our own capital commitments to our funds, the funds we invest in and our investment strategies as of December 31, 2018 consisted of the following:

Fund	Blackstone and General Partner		Senior Managing Directors and Certain Other Professionals (a)	
	Original Commitment	Remaining Commitment	Original Commitment	Remaining Commitment
	(Dollars in Thousands)			
Real Estate				
BREP VII	$ 300,000	$ 44,053	$ 100,000	$ 14,684
BREP VIII	300,000	105,197	100,000	35,066
BREP IX	300,000	300,000	100,000	100,000
BREP Europe III	100,000	13,231	35,000	4,410
BREP Europe IV	130,000	23,842	43,333	7,947
BREP Europe V	150,000	66,991	43,333	22,330
BREP Asia I	50,000	14,809	16,667	4,936
BREP Asia II	70,707	62,439	23,569	20,813
BREDS II	50,000	6,227	16,667	2,076
BREDS III	50,000	21,942	16,667	7,314
BPP	108,320	29,484	—	—
Other (b)	64,984	10,717	—	—
Private Equity				
BCP V	629,356	30,642	—	—
BCP VI	719,718	107,631	250,000	37,386
BCP VII	500,000	293,509	225,000	132,079
BEP I	50,000	4,728	—	—
BEP II	80,000	28,535	26,667	9,512
BEP III	68,939	68,939	22,980	22,980
BCEP	120,000	66,408	18,992	10,510
BCP Asia	40,000	37,961	13,333	12,654
Tactical Opportunities	402,821	252,382	116,540	84,127
Strategic Partners	416,150	221,313	58,627	27,650
BIP	112,333	112,333	—	—
Blackstone Life Sciences	10,500	9,188	—	—
Other (b)	255,307	28,377	—	—
Hedge Fund Solutions				
Strategic Alliance	50,000	2,033	—	—
Strategic Alliance II	50,000	1,482	—	—
Strategic Alliance III	22,000	17,379	—	—
Strategic Holdings LP	154,610	97,476	—	—
Other (b)	4,200	2,410	—	—
Credit				
Capital Opportunities Fund II LP	120,000	33,950	110,527	31,270
Capital Opportunities Fund III LP	130,783	77,334	30,431	18,304
GSO Euro Senior Debt Fund LP	63,000	19,358	57,194	17,574
GSO Capital Solutions	50,000	5,780	27,666	3,198
GSO Capital Solutions II	125,000	52,036	120,534	50,177
GSO Capital Solutions III	151,000	136,377	30,542	27,589
GSO Energy Select Opportunities Fund	80,000	41,942	74,742	39,186
GSO Energy Select Opportunities Fund II	40,165	40,165	13,388	13,388
GSO Credit Alpha Fund LP	52,102	7,465	50,285	7,205
GSO Credit Alpha Fund II LP	25,500	22,400	5,979	5,225
Other (b)	166,737	55,239	21,672	5,117
Other				
Treasury	263,759	72,734	—	—
	$6,627,991	$2,646,438	$1,770,335	$ 774,707

(a) For some of the general partner commitments shown in the table above we require our senior managing directors and certain other professionals to fund a portion of the commitment even though the ultimate obligation to fund the aggregate commitment is ours pursuant to the governing agreements of the respective funds. The amounts of the aggregate applicable general partner original and remaining commitment are shown in the table above. In addition, certain senior managing directors and other professionals are required to fund a de minimis amount of the commitment in the other private equity, real estate and credit-focused carry funds. We expect our commitments to be drawn down over time and to be funded by available cash and cash generated from operations and realizations. Taking into account prevailing market conditions and both the liquidity and cash or liquid investment balances, we believe that the sources of liquidity described above will be more than sufficient to fund our working capital requirements.
(b) Represents capital commitments to a number of other funds in each respective segment.

As of December 31, 2018, Blackstone Holdings Finance Co. L.L.C. (the "Issuer"), an indirect subsidiary of the Partnership, had issued and outstanding the following senior notes (collectively the "Notes"):

Senior Notes (a)	Aggregate Principal Amount (Dollars/Euros in Thousands)
5.875%, Due 3/15/2021	$ 400,000
4.750%, Due 2/15/2023	$ 400,000
2.000%, Due 5/19/2025	€ 300,000
1.000%, Due 10/5/2026	€ 600,000
3.150%, Due 10/2/2027	$ 300,000
6.250%, Due 8/15/2042	$ 250,000
5.000%, Due 6/15/2044	$ 500,000
4.450%, Due 7/15/2045	$ 350,000
4.000%, Due 10/2/2047	$ 300,000

(a) The Notes are unsecured and unsubordinated obligations of the Issuer and are fully and unconditionally guaranteed, jointly and severally, by The Blackstone Group L.P. and each of the Blackstone Holdings Partnerships. The Notes contain customary covenants and financial restrictions that, among other things, limit the Issuer and the guarantors' ability, subject to certain exceptions, to incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The Notes also contain customary events of default. All or a portion of the Notes may be redeemed at our option, in whole or in part, at any time and from time to time, prior to their stated maturity, at the make-whole redemption price set forth in the Notes. If a change of control repurchase event occurs, the Notes are subject to repurchase at the repurchase price as set forth in the Notes.

Blackstone, through indirect subsidiaries, has a $1.6 billion unsecured revolving credit facility (the "Credit Facility") with Citibank, N.A., as administrative agent with a maturity date of September 21, 2023. Borrowings may also be made in U.K. sterling, euros, Swiss francs, Japanese yen or Canadian dollars, in each case subject to certain sub-limits. The Credit Facility contains customary representations, covenants and events of default. Financial covenants consist of a maximum net leverage ratio and a requirement to keep a minimum amount of fee-earning assets under management, each tested quarterly.

On April 16, 2018, the Board of Directors of our general partner, Blackstone Group Management L.L.C., authorized the repurchase of up to $1.0 billion of Blackstone common units and Blackstone Holdings Partnership Units. Under the unit repurchase program, units may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of units repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The unit repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the year ended December 31, 2018, we repurchased 16.0 million Blackstone common units as part of the unit repurchase program at a total cost of $541.5 million. As of December 31, 2018, the amount remaining available for repurchases under the program was $458.5 million.

Distributions

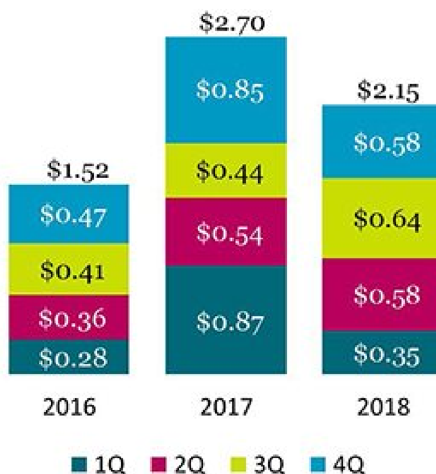
Our intention is to distribute quarterly to common unitholders approximately 85% of The Blackstone Group L.P.'s share of Distributable Earnings, subject to adjustment by amounts determined by Blackstone's general partner to be necessary or appropriate to provide for the conduct of its business, to make 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.

For Blackstone's definition of Distributable Earnings, see "— Key Financial Measures and Indicators".

All of the foregoing is subject to the qualification that the declaration and payment of any distributions are at the sole discretion of our general partner, and our general partner may change our distribution policy at any time, including, without limitation, to reduce the quarterly distribution payable to our common unitholders or even to eliminate such distributions entirely.

Because the subsidiaries of The Blackstone Group L.P. must pay taxes and make payments under the tax receivable agreements, the amounts ultimately distributed by The Blackstone Group L.P. to its common unitholders in respect of each fiscal year are generally expected to be less, on a per unit basis, than the amounts distributed by the Blackstone Holdings Partnerships to the Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships in respect of their Blackstone Holdings Partnership Units.

The following graph shows fiscal quarterly and annual per common unitholder distributions for 2016, 2017 and 2018. Distributions are declared and paid in the quarter subsequent to the quarter in which they are earned.



With respect to fiscal year 2018, we have paid to common unitholders distributions of $0.35, $0.58, $0.64 and $0.58 per common unit in respect of the first, second, third and fourth quarters, respectively, aggregating $2.15 per common unit. The second, third and fourth quarter fiscal 2018 per common unit distributions of $0.58, $0.64 and $0.58 each include $0.10 per common unit distributed from a portion of the after-tax proceeds received in connection with the conclusion of Blackstone's sub-advisory relationship with FS Investments, as noted below. With respect to fiscal years 2017 and 2016, we paid aggregate common unitholder distributions of $2.70 per common unit and $1.52 per common unit, respectively.

Blackstone distributed a portion of the after-tax proceeds from the conclusion of its sub-advisory relationship with FS Investments, resulting in an incremental $0.30 per common unit and per Blackstone Holdings Partnership Unit over the second, third and fourth quarters of 2018, of which $0.10 per common unit and Blackstone Holdings Partnership Unit was distributed on each of August 6, 2018, November 5, 2018 and February 19, 2019.

Leverage

We may under certain circumstances use leverage opportunistically and over time to create the most efficient capital structure for Blackstone and our public common unitholders. In addition to the borrowings from our bond issuances and our revolving credit facility, we may use reverse repurchase agreements, repurchase agreements and securities sold, not yet purchased. All of these positions are held in a separately managed portfolio. Reverse repurchase agreements are entered into primarily to take advantage of opportunistic yields otherwise absent in the overnight markets and also to use the collateral received to cover securities sold, not yet purchased. Repurchase agreements are entered into primarily to opportunistically yield higher spreads on purchased securities. The balances held in these financial instruments fluctuate based on Blackstone's liquidity needs, market conditions and investment risk profiles.

Generally our funds in our Private Equity segment, our opportunistic real estate funds, funds of hedge funds and certain credit-focused funds have not utilized substantial leverage at the fund level other than for (a) short-term borrowings between the date of an investment and the receipt of capital from the investing fund's investors, and (b) long-term borrowings for certain investments in aggregate amounts which are generally 1% to 25% of the capital commitments of the respective fund. Our carry funds make direct or indirect investments in companies that utilize leverage in their capital structure. The degree of leverage employed varies among portfolio companies.

Certain of our Real Estate debt hedge funds, Hedge Fund Solutions funds and credit-focused funds use leverage in order to obtain additional market exposure, enhance returns on invested capital and/or to bridge short-term cash needs. The forms of leverage primarily employed by these funds include purchasing securities on margin, utilizing collateralized financing and using derivative instruments.

The following table presents information regarding these financial instruments in our Consolidated Statements of Financial Condition:

	Repurchase Agreements	Securities Sold, Not Yet Purchased
	(Dollars in Millions)	
Balance, December 31, 2018	$ 222.2	$ 142.6
Balance, December 31, 2017	$ 118.8	$ 154.4
Year Ended December 31, 2018		
Average Daily Balance	$ 178.4	$ 152.7
Maximum Daily Balance	$ 224.1	$ 174.7

Critical Accounting Policies

We prepare our Consolidated Financial Statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, are often subjective. Actual results may be affected negatively based on changing circumstances. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates and/or judgments. For a description of our accounting policies, see Note 2. "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" of this filing.

Principles of Consolidation

For a description of our accounting policy on consolidation, see Note 2. "Summary of Significant Accounting Policies — Consolidation" and Note 9. "Variable Interest Entities" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" of this filing for detailed information on Blackstone's consolidation policy and its involvement with VIEs. The following discussion is intended to provide supplemental information about how the application of consolidation principles impact our financial results, and management's process for implementing those principles including areas of significant judgment.

The determination that the Partnership holds a controlling financial interest in a Blackstone Fund significantly changes the presentation of our consolidated financial statements. In our Consolidated Statements of Financial Position included in this filing, we present 100% of the assets and liabilities of consolidated VIEs along with a non-controlling interest which represents the portion of the consolidated vehicle's interests held by third parties. However, assets of our consolidated VIEs can only be used to settle obligations of the consolidated VIE and are not available for general use by the Partnership. Further, the liabilities of our consolidated VIEs do not have recourse to the general credit of Blackstone. In the Consolidated Statements of Operations, we eliminate any management fees, Incentive Fees, or Performance Allocations received or accrued from consolidated VIEs as they are considered intercompany transactions. We recognize 100% of the consolidated VIE's investment income (loss) and allocate the portion of that income (loss) attributable to third party ownership to non-controlling interests in arriving at Net Income Attributable to The Blackstone Group L.P.

The assessment of whether we consolidate a Blackstone Fund we manage requires the application of significant judgment. These judgments are applied both at the time we become involved with the VIE and on an ongoing basis and include, but are not limited to:

- Determining whether our management fees, Incentive Fees or Performance Allocations represent variable interests — We make judgments as to whether the fees we earn are commensurate with the level of effort required for those fees and at market rates. In making this judgment, we consider, among other things, the extent of third party investment in the entity and the terms of any other interests we hold in the VIE.
- Determining whether kick-out rights are substantive — We make judgments as to whether the third party investors in a partnership entity have the ability to remove the general partner, the investment manager or its equivalent, or to dissolve (liquidate) the partnership entity, through a simple majority vote. This includes an evaluation of whether barriers to exercise these rights exist.
- Concluding whether the Partnership has an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE — As there is no explicit threshold in GAAP to define "potentially significant," management must apply judgment and evaluate both quantitative and qualitative factors to conclude whether this threshold is met.

Revenue Recognition

For a description of our accounting policy on revenue recognition, see Note 2. "Summary of Significant Accounting Policies — Revenue Recognition" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data." For additional description of the nature of our revenue arrangements, including how management fees, Incentive Fees, and Performance Allocations are generated, please refer to "Part I. Item 1. Business — Incentive Arrangements / Fee Structure." The following discussion is intended to provide supplemental information about how the application of revenue recognition principles impact our financial results, and management's process for implementing those principles including areas of significant judgment.

Management and Advisory Fees, Net — The Partnership earns base management fees from the investors in each of its managed funds and investment vehicles, at a fixed percentage of a calculation base which is typically assets under management, net asset value, total assets, committed capital or invested capital. The range of management fee rates and the calculation base from which they are earned, generally, are as follows:

On private equity, real estate, and certain of our hedge fund solutions and credit-focused funds:

- 0.25% to 2.00% of committed capital or invested capital during the investment period,
- 0.25% to 1.50% of invested capital, committed capital and investment fair value subsequent to the investment period for private equity and real estate funds, and
- 0.75% to 1.50% of invested capital or net asset value subsequent to the investment period for certain of our hedge fund solutions and credit-focused funds.

On real estate, credit and MLP-focused funds structured like hedge funds:

- 0.50% to 1.50% of net asset value.

On credit and MLP-focused separately managed accounts:

- 0.25% to 1.50% of net asset value or total assets.

On real estate separately managed accounts:

- 0.50% to 2.00% of invested capital, net operating income or net asset value.

On funds of hedge funds, certain hedge funds and separately managed accounts invested in hedge funds:

- 0.50% to 1.25% of net asset value.

On CLO vehicles:

- 0.40% to 0.65% of the aggregate par amount of collateral assets, including principal cash.

On credit-focused registered and non-registered investment companies:

- 0.35% to 1.50% of total assets or net asset value.

The investment adviser of BXMT receives annual management fees based upon 1.50% of BXMT's net proceeds received from equity offerings and accumulated "core earnings" (which is generally equal to its GAAP net income excluding certain non-cash and other items), subject to certain adjustments. The investment adviser of BREIT receives a management fee of 1.25% per annum of net asset value, payable monthly.

Management fee calculations based on committed capital or invested capital are mechanical in nature and therefore do not require the use of significant estimates or judgments. Management fee calculations based on net asset value, total assets, or investment fair value depend on the fair value of the underlying investments within the funds. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds and could vary depending on the valuation methodology that is used as well as economic conditions. See "— Fair Value" below for further discussion of the judgment required for determining the fair value of the underlying investments.

Investment Income (Loss) — Performance Allocations are made to the general partner based on cumulative fund performance to date, subject to a preferred return to limited partners. Blackstone has concluded that investments made alongside its limited partners in a partnership which entitle Blackstone to a Performance Allocation represent equity method investments that are not in the scope of the GAAP guidance on accounting for revenues from contracts with customers. Blackstone accounts for these arrangements under the equity method of accounting. Under the equity method Blackstone's share of earnings (losses) from equity method investments is determined using a balance sheet approach referred to as the hypothetical liquidation at book value ("HLBV") method. Under the HLBV method, at the end of each reporting period Blackstone calculates the accrued Performance Allocations that would be due to Blackstone for each fund pursuant to the fund agreements as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. Performance Allocations are subject to clawback to the extent that the Performance Allocation received to date exceeds the amount due to Blackstone based on cumulative results.

The change in the fair value of the investments held by certain Blackstone Funds is a significant input into the accrued Performance Allocation calculation and accrual for potential repayment of previously received Performance Allocations. Estimates and assumptions are made when determining the fair value of the underlying investments within the funds. See "— Fair Value" below for further discussion related to significant estimates and assumptions used for determining fair value of the underlying investments.

Fair Value

The Partnership uses fair value throughout the reporting process. For a description of our accounting policies related to valuation, see Note 2. "Summary of Significant Accounting Policies — Fair Value of Financial Instruments" and "Summary of Significant Accounting Policies — Investments at Fair Value" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" of this filing. The following discussion is intended to provide supplemental information about how the application of fair value principles impact our financial results, and management's process for implementing those principles including areas of significant judgment.

The fair value of the investments held by Blackstone Funds is the primary input to the calculation of certain of our management fees, Incentive Fees, Performance Allocations and the related Compensation we recognize. The Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accountants Accounting and Auditing Guide, *Investment Companies* , and in accordance with the GAAP guidance on investment companies and reflect their investments, including majority-owned and controlled investments (the "Portfolio Companies"), at fair value. In the absence of observable market prices, we utilize valuation methodologies applied on a consistent basis and assumptions that we believe market participants would use to determine the fair value of the investments. For some investments where little market activity may exist management's determination of fair value is then based on the best information available in the circumstances, may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks.

The Partnership has also elected the fair value option for certain instruments it owns directly, including loans and receivables and investments in private debt securities, the assets of consolidated CLO vehicles and other

proprietary investments. The Partnership is required to measure certain financial instruments at fair value, including debt instruments, equity securities and freestanding derivatives.

Fair Value of Investments or Instruments that are Publicly Traded

Securities that are publicly traded and for which a quoted market exists will be valued at the closing price of such securities in the principal market in which the security trades, or in the absence of a principal market, in the most advantageous market on the valuation date. When a quoted price in an active market exists, no block discounts or control premiums are permitted regardless of the size of the public security held. In some cases, securities will include legal and contractual restrictions limiting their purchase and sale for a period of time, such as may be required under SEC Rule 144 or by underwriters in certain transactions. A discount to publicly traded price may be appropriate in those cases; the amount of the discount shall be determined based on the time period that must pass before the restricted security becomes unrestricted or otherwise available for sale.

Fair Value of Investments or Instruments that are not Publicly Traded

Investments for which market prices are not observable include private investments in the equity or debt of operating companies or real estate properties. Our primary methodology for determining the fair values of such investments is the income approach which provides an indication of fair value based on the present value of cash flows that a business, security, or property is expected to generate in the future. The most widely used methodology under the income approach is the discounted cash flow method which includes significant assumptions about the underlying investment's projected net earnings or cash flows, discount rate, capitalization rate and exit multiple. Our secondary methodology, generally used to corroborate the results of the income approach, is the market approach. The most widely used methodology under the market approach relies upon valuations for comparable public companies, transactions, or assets, and includes making judgments about which companies, transactions, or assets are comparable.

In certain cases debt and equity securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments.

Management Process on Fair Value

Due to the importance of fair value throughout the consolidated financial statements and the significant judgment required to be applied in arriving at those fair values, we have developed a process around valuation that incorporates several levels of approval and review from both internal and external sources. Blackstone Fund investments are valued on a quarterly basis by our internal valuation teams, which are independent from our investment teams.

For investments valued utilizing the income method, our valuation team generally has a direct line of communication with each of the Portfolio Company finance teams and collects financial data used to support projections used in a discounted cash flow analysis. The valuation team then analyzes the data received and updates the valuation models reflecting any changes in the underlying discounted cash flow projections, weighted-average cost of capital, exit multiple, and any other valuation input relevant economic conditions.

The results of all valuations of investments held by Blackstone Fund and investment vehicles are reviewed by the relevant business unit's sub-committee, which is made up of key personnel, typically the chief investment officer, chief operating officer, chief financial officer, chief compliance officer (or their respective equivalents where applicable) and other Senior Managing Directors in the business. Following review and approval by each business unit's sub-committee, the results are reviewed and must be approved by Blackstone's firm-wide valuation

committee chaired by Blackstone’s Chief Financial Officer and including senior heads of each of Blackstone’s businesses, as well as representatives from legal and finance. To further corroborate our results, we generally obtain a positive assurance opinion by an independent valuation party, at least annually for all investments and quarterly for certain investments. Each quarter, the valuations of Blackstone’s investments are also reviewed by the Audit Committee comprised of our non-employee directors in a meeting attended by the chairman of the valuation committee.

Off-Balance Sheet Arrangements

In the normal course of business, we engage in off-balance sheet arrangements, including transactions in derivatives, guarantees, commitments, indemnifications and potential contingent repayment obligations. We do not have any off-balance sheet arrangements that would require us to fund losses or guarantee target returns to investors in our funds.

Further disclosure on our off-balance sheet arrangements is presented in the “Notes to Consolidated Financial Statements” in “— Item 8. Financial Statements and Supplementary Data” of this filing as follows:

- Note 9. “Variable Interest Entities”, and
- Note 18. “Commitments and Contingencies — Commitments, Operating Leases; — Commitments, Investment Commitments; and — Contingencies, Guarantees.”

Recent Accounting Developments

Information regarding recent accounting developments and their impact on Blackstone can be found in Note 2. “Summary of Significant Accounting Policies” in the “Notes to Consolidated Financial Statements” in “— Item 8. Financial Statements and Supplementary Data” of this filing.

Contractual Obligations, Commitments and Contingencies

The following table sets forth information relating to our contractual obligations as of December 31, 2018 on a consolidated basis and on a basis deconsolidating the Blackstone Funds:

Contractual Obligations	2019	2020-2021	2022-2023	Thereafter	Total
			(Dollars in Thousands)		
Operating Lease Obligations (a)	$ 78,506	$ 153,105	$ 156,342	$ 273,347	$ 661,300
Purchase Obligations	44,014	21,259	33	—	65,306
Blackstone Issued Notes and Revolving Credit Facility (b)	—	400,000	400,000	2,732,030	3,532,030
Interest on Blackstone Issued Notes and Revolving Credit Facility (c)	133,910	256,071	211,321	1,512,226	2,113,528
Blackstone Funds and CLO Vehicles Debt Obligations Payable (d)	—	—	—	6,863,285	6,863,285
Interest on Blackstone Funds and CLO Vehicles Debt Obligations Payable (e)	274,573	549,146	549,146	1,749,751	3,122,616
Blackstone Funds Capital Commitments to Investee Funds (f)	94,457	—	—	—	94,457
Due to Certain Non-Controlling Interest Holders in Connection with Tax Receivable Agreements (g)	84,688	140,422	143,140	437,327	805,577
Unrecognized Tax Benefits, Including Interest and Penalties (h)	2,467	—	—	—	2,467
Blackstone Operating Entities Capital Commitments to Blackstone Funds and Other (i)	2,646,438	—	—	—	2,646,438
Consolidated Contractual Obligations	3,359,053	1,520,003	1,459,982	13,567,966	19,907,004
Blackstone Funds and CLO Vehicles Debt Obligations Payable (d)	—	—	—	(6,863,285)	(6,863,285)
Interest on Blackstone Funds and CLO Vehicles Debt Obligations Payable (e)	(274,573)	(549,146)	(549,146)	(1,749,751)	(3,122,616)
Blackstone Funds Capital Commitments to Investee Funds (f)	(94,457)	—	—	—	(94,457)
Blackstone Operating Entities Contractual Obligations	$2,990,023	$ 970,857	$ 910,836	$ 4,954,930	$ 9,826,646

(a) We lease our primary office space and certain office equipment under agreements that expire through 2030. In connection with certain office space lease agreements, we are responsible for escalation payments. The contractual obligation table above includes only guaranteed minimum lease payments for such leases and does not project potential escalation or other lease-related payments. These leases are classified as operating leases for financial statement purposes and as such are not recorded as liabilities on the Consolidated Statements of Financial Condition. The amounts are presented net of contractual sublease commitments.

(b) Represents the principal amount due on the senior notes we issued. As of December 31, 2018, we had no outstanding borrowings under our revolver.

(c) Represents interest to be paid over the maturity of our senior notes and borrowings under our revolving credit facility which has been calculated assuming no pre-payments are made and debt is held until its final maturity date. These amounts exclude commitment fees for unutilized borrowings under our revolver.

(d) These obligations are those of the Blackstone Funds including the consolidated CLO vehicles.

(e) Represents interest to be paid over the maturity of the related consolidated Blackstone Funds' and CLO vehicles' debt obligations which has been calculated assuming no pre-payments will be made and debt will be held until its final maturity date. The future interest payments are calculated using variable rates in effect as of

December 31, 2018, at spreads to market rates pursuant to the financing agreements, and range from 0.8% to 9.2%. The majority of the borrowings are due on demand and for purposes of this schedule are assumed to mature within one year. Interest on the majority of these borrowings rolls over into the principal balance at each reset date.

(f) These obligations represent commitments of the consolidated Blackstone Funds to make capital contributions to investee funds and portfolio companies. These amounts are generally due on demand and are therefore presented in the less than one year category.

(g) Represents obligations by the Partnership's corporate subsidiary to make payments under the Tax Receivable Agreements to certain non-controlling interest holders for the tax savings realized from the taxable purchases of their interests in connection with the reorganization at the time of Blackstone's IPO in 2007 and subsequent purchases. The obligation represents the amount of the payments currently expected to be made, which are dependent on the tax savings actually realized as determined annually without discounting for the timing of the payments. As required by GAAP, the amount of the obligation included in the Consolidated Financial Statements and shown in Note 17. "Related Party Transactions" (see "— Item 8. Financial Statements and Supplementary Data") differs to reflect the net present value of the payments due to certain non-controlling interest holders.

(h) The total represents gross unrecognized tax benefits of $1.1 million and interest and penalties of $1.4 million. In addition, Blackstone is not able to make a reasonably reliable estimate of the timing of payments in individual years in connection with gross unrecognized benefits of $19.8 million and interest of $1.8 million; therefore, such amounts are not included in the above contractual obligations table.

(i) These obligations represent commitments by us to provide general partner capital funding to the Blackstone Funds, limited partner capital funding to other funds and Blackstone principal investment commitments. These amounts are generally due on demand and are therefore presented in the less than one year category; however, a substantial amount of the capital commitments are expected to be called over the next three years. We expect to continue to make these general partner capital commitments as we raise additional amounts for our investment funds over time.

Guarantees

Blackstone and certain of its consolidated funds provide financial guarantees. The amounts and nature of these guarantees are described in Note 18. "Commitments and Contingencies — Contingencies — Guarantees" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" of this filing.

Indemnifications

In many of its service contracts, Blackstone agrees to indemnify the third party service provider under certain circumstances. The terms of the indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined and has not been included in the table above or recorded in our Consolidated Financial Statements as of December 31, 2018.

Clawback Obligations

Performance Allocations are subject to clawback to the extent that the Performance Allocations received to date with respect to a fund exceeds the amount due to Blackstone based on cumulative results of that fund. The actual clawback liability, however, generally does not become realized until the end of a fund's life except for certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may have an interim clawback liability. The lives of the carry funds, including available contemplated extensions, for which a liability for potential clawback obligations has been recorded for financial reporting purposes, are currently anticipated to expire at various points through 2028. Further extensions of such terms may be implemented under given circumstances.

For financial reporting purposes, when applicable, the general partners record a liability for potential clawback obligations to the limited partners of some of the carry funds due to changes in the unrealized value of a fund's remaining investments and where the fund's general partner has previously received Performance Allocation distributions with respect to such fund's realized investments.

As of December 31, 2018, the total clawback obligations were $29.5 million, of which $30.4 million related to Blackstone Holdings and $(0.9) million related to current and former Blackstone personnel. The split of clawback between Blackstone Holdings and current and former personnel is based on the performance of individual investments held by a fund rather than on a fund by fund basis. If, at December 31, 2018, all of the investments held by our carry funds were deemed worthless, a possibility that management views as remote, the amount of Performance Allocations subject to potential clawback would be $7.0 billion, on an after tax basis where applicable, of which Blackstone Holdings is potentially liable for $6.4 billion if current and former Blackstone personnel default on their share of the liability, a possibility that management also views as remote. See Note 17. "Related Party Transactions" and Note 18. "Commitments and Contingencies" in the "Notes to Consolidated Financial Statements" in "— Item 8. Financial Statements and Supplementary Data" of this filing.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our predominant exposure to market risk is related to our role as general partner or investment adviser to the Blackstone Funds and the sensitivities to movements in the fair value of their investments, including the effect on management fees, performance revenues and investment income.

Although the Blackstone Funds share many common themes, each of our alternative asset management operations runs its own investment and risk management processes, subject to our overall risk tolerance and philosophy:

- The investment process of our carry funds involves a detailed analysis of potential investments, and asset management teams are assigned to oversee the operations, strategic development, financing and capital deployment decisions of each portfolio investment. Key investment decisions are subject to approval by the applicable investment committee, which is comprised of Blackstone senior managing directors and senior management.
- In our capacity as adviser to certain funds in our Hedge Fund Solutions and Credit segments, we continuously monitor a variety of markets for attractive trading opportunities, applying a number of traditional and customized risk management metrics to analyze risk related to specific assets or portfolios. In addition, we perform extensive credit and cash flow analyses of borrowers, credit-based assets and underlying hedge fund managers, and have extensive asset management teams that monitor covenant compliance by, and relevant financial data of, borrowers and other obligors, asset pool performance statistics, tracking of cash payments relating to investments and ongoing analysis of the credit status of investments.

Effect on Fund Management Fees

Our management fees are based on (a) third parties' capital commitments to a Blackstone Fund, (b) third parties' capital invested in a Blackstone Fund or (c) the net asset value, or NAV, of a Blackstone Fund, as described in our Consolidated Financial Statements. Management fees will only be directly affected by short-term changes in market conditions to the extent they are based on NAV or represent permanent impairments of value. These management fees will be increased (or reduced) in direct proportion to the effect of changes in the fair value of our investments in the related funds. The proportion of our management fees that are based on NAV is dependent on the number and types of Blackstone Funds in existence and the current stage of each fund's life cycle. For the years

ended December 31, 2018 and December 31, 2017, the percentages of our fund management fees based on the NAV of the applicable funds or separately managed accounts, were as follows:

	Year Ended December 31,	
	2018	2017
Fund Management Fees Based on the NAV of the Applicable Funds or Separately Managed Accounts	38%	33%

Market Risk

The Blackstone Funds hold investments which are reported at fair value. Based on the fair value as of December 31, 2018 and December 31, 2017, we estimate that a 10% decline in fair value of the investments would result in the following declines in Management Fees, Performance Revenues, Net of Related Compensation Expense and Investment Income:

	December 31,					
	2018			2017		
	Management Fees (a)	Performance Revenues, Net of Related Compensation Expense (b)	Investment Income (b)	Management Fees (a)	Performance Revenues, Net of Related Compensation Expense (b)	Investment Income (b)
	(Dollars in Thousands)					
10% Decline in Fair Value of the Investments	$ 104,582	$ 1,475,206	$ 199,072	$ 95,004	$ 1,183,211	$ 171,136

(a) Represents the annualized effect of the 10% decline.
(b) Represents the reporting date effect of the 10% decline.

Total Assets Under Management, excluding undrawn capital commitments and the amount of capital raised for our CLOs, by segment, and the percentage amount classified as Level III investments as defined within the fair value standards of GAAP, are as follows:

	December 31, 2018	
	Total Assets Under Management, Excluding Undrawn Capital Commitments and the Amount of Capital Raised for CLOs	Percentage Amount Classified as Level III Investments
	(Dollars in Thousands)	
Real Estate	$ 101,396,925	84%
Private Equity	$ 69,014,765	70%
Credit	$ 73,553,005	34%

The fair value of our investments and securities can vary significantly based on a number of factors that take into consideration the diversity of the Blackstone Funds' investment portfolio and on a number of factors and inputs such as similar transactions, financial metrics, and industry comparatives, among others. See "Part I. Item 1A. Risk Factors" above. Also see "— Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Fair Value." We believe these fair value amounts should be utilized with caution as our intent and strategy is to hold investments and securities until prevailing market conditions are beneficial for investment sales.

Investors in all of our carry funds (and certain of our credit-focused funds and funds of hedge funds) make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their related obligations when due, including management fees.

We have not had investors fail to honor capital calls to any meaningful extent and any investor that did not fund a capital call would be subject to having a significant amount of its existing investment forfeited in that fund; however, if investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, those funds could be materially and adversely affected.

Exchange Rate Risk

The Blackstone Funds hold investments that are denominated in non-U.S. dollar currencies that may be affected by movements in the rate of exchange between the U.S. dollar and non-U.S. dollar currencies. Additionally, a portion of our management fees are denominated in non-U.S. dollar currencies. We estimate that as of December 31, 2018 and December 31, 2017, a 10% decline in the rate of exchange of all foreign currencies against the U.S. dollar would result in the following declines in Management Fees, Performance Revenues, Net of Related Compensation Expense and Investment Income:

	December 31,					
	2018			2017		
	Management Fees (a)	Performance Revenues, Net of Related Compensation Expense (b)	Investment Income (b)	Management Fees (a)	Performance Revenues, Net of Related Compensation Expense (b)	Investment Income (b)
	(Dollars in Thousands)					
10% Decline in the Rate of Exchange of All Foreign Currencies Against the U.S. Dollar	$ 18,289	$ 339,152	$ 32,810	$ 17,301	$ 260,236	$ 32,308

(a) Represents the annualized effect of the 10% decline.
(b) Represents the reporting date effect of the 10% decline.

Interest Rate Risk

Blackstone has debt obligations payable that accrue interest at variable rates. Interest rate changes may therefore affect the amount of our interest payments, future earnings and cash flows. Based on our debt obligations payable as of December 31, 2018 and December 31, 2017, we estimate that interest expense relating to variable rates would increase on an annual basis, in the event interest rates were to increase by one percentage point, as follows:

	December 31,	
	2018	2017
	(Dollars in Thousands)	
Annualized Increase in Interest Expense Due to a One Percentage Point Increase in Interest Rates (a)	$ —	$ 28

(a) As of December 31, 2018 Blackstone had no such debt obligations payable outstanding.

Blackstone has a diversified portfolio of liquid assets to meet the liquidity needs of various businesses. This portfolio includes cash, open ended money market mutual funds, open ended bond mutual funds, marketable investment securities, freestanding derivative contracts, repurchase and reverse repurchase agreements and other investments. If interest rates were to increase by one percentage point, we estimate that our annualized investment

income would decrease, offset by an estimated increase in interest income on an annual basis from interest on floating rate assets, as follows:

	December 31,			
	2018		2017	
	Annualized Decrease in Investment Income	Annualized Increase in Interest from Floating Rate Assets	Annualized Decrease in Investment Income	Annualized Increase in Interest from Floating Rate Assets
	(Dollars in Thousands)			
One Percentage Point Increase in Interest Rates	$ 6,641 (a)	$ 24,602	$ 17,526 (a)	$ 22,480

(a) As of December 31, 2018 and 2017, this represents 0.1% and 0.3% of our portfolio of liquid assets, respectively.

Blackstone has U.S. dollar and non-U.S. dollar based interest rate derivatives whose future cash flows and present value may be affected by movement in their respective underlying yield curves. We estimate that as of December 31, 2017, a one percentage point increase parallel shift in global yield curves would result in the following impact on Other Revenue:

	December 31,	
	2018	2017
	(Dollars in Thousands)	
Annualized Increase in Other Revenue Due to a One Percentage Point Increase in Interest Rates	$ 14,210	$ 22,699

Credit Risk

Certain Blackstone Funds and the Investee Funds are subject to certain inherent risks through their investments.

Our portfolio of liquid assets contain certain credit risks including, but not limited to, exposure to uninsured deposits with financial institutions, unsecured corporate bonds and mortgage-backed securities. These exposures are actively monitored on a continuous basis and positions are reallocated based on changes in risk profile, market or economic conditions.

We estimate that our annualized investment income would decrease, if credit spreads were to increase by one percentage point, as follows:

	December 31,	
	2018	2017
	(Dollars in Thousands)	
Decrease in Annualized Investment Income Due to a One Percentage Point Increase in Credit Spreads (a)	$ 52,051	$ 37,250

(a) As of December 31, 2018 and 2017, this represents 1.1% and 0.7% of our portfolio of liquid assets, respectively.

Certain of our entities hold derivative instruments that contain an element of risk in the event that the counterparties may be unable to meet the terms of such agreements. We minimize our risk exposure by limiting the counterparties with which we enter into contracts to banks and investment banks that meet established credit and capital guidelines. We do not expect any counterparty to default on its obligations and therefore do not expect to incur any loss due to counterparty default.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	147
Consolidated Statements of Financial Condition as of December 31, 2018 and 2017	149
Consolidated Statements of Operations for the Years Ended December 31, 2018, 2017 and 2016	151
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2018, 2017 and 2016	152
Consolidated Statements of Changes in Partners' Capital for the Years Ended December 31, 2018, 2017 and 2016	153
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017 and 2016	156
Notes to Consolidated Financial Statements	158

Report of Independent Registered Public Accounting Firm

To the General Partner and Unitholders of The Blackstone Group L.P.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of The Blackstone Group L.P. and subsidiaries ("Blackstone") as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, changes in partners' capital, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). We also have audited Blackstone's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blackstone as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, Blackstone maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Basis for Opinions

Blackstone's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management report on internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and an opinion on Blackstone's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board ("United States") ("PCAOB") and are required to be independent with respect to Blackstone in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting

includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 1, 2019

We have served as Blackstone’s auditor since 2006.

THE BLACKSTONE GROUP L.P.

Consolidated Statements of Financial Condition
(Dollars in Thousands, Except Unit Data)

	December 31, 2018	December 31, 2017
Assets		
Cash and Cash Equivalents	$ 2,207,841	$ 1,992,497
Cash Held by Blackstone Funds and Other	337,320	1,929,531
Investments (including assets pledged of $279,502 and $169,746 at December 31, 2018 and December 31, 2017, respectively)	20,377,031	24,434,049
Accounts Receivable	636,238	875,018
Due from Affiliates	1,994,123	2,028,137
Intangible Assets, Net	468,507	409,828
Goodwill	1,869,860	1,778,192
Other Assets	294,248	242,697
Deferred Tax Assets	739,482	725,970
Total Assets	$28,924,650	$34,415,919
Liabilities and Partners' Capital		
Loans Payable	$ 9,951,862	$14,815,436
Due to Affiliates	1,035,776	937,158
Accrued Compensation and Benefits	2,942,128	2,623,492
Securities Sold, Not Yet Purchased	142,617	154,380
Repurchase Agreements	222,202	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	875,979	2,043,522
Total Liabilities	15,170,564	20,692,828
Commitments and Contingencies		
Redeemable Non-Controlling Interests in Consolidated Entities	141,779	210,944
Partners' Capital		
The Blackstone Group L.P. Partners' Capital		
Partners' Capital (common units: 663,212,830 issued and outstanding as of December 31, 2018; 659,526,093 issued and outstanding as of December 31, 2017)	6,415,700	6,668,511
Accumulated Other Comprehensive Income	(36,476)	(34,018)
Total The Blackstone Group L.P. Partners' Capital	6,379,224	6,634,493
Non-Controlling Interests in Consolidated Entities	3,648,766	3,253,148
Non-Controlling Interests in Blackstone Holdings	3,584,317	3,624,506
Total Partners' Capital	13,612,307	13,512,147
Total Liabilities and Partners' Capital	$28,924,650	$34,415,919

continued…

See notes to consolidated financial statements.

Table of Contents

THE BLACKSTONE GROUP L.P.

Consolidated Statements of Financial Condition
(Dollars in Thousands)

The following presents the portion of the consolidated balances presented above attributable to consolidated Blackstone Funds which are variable interest entities. The following assets may only be used to settle obligations of these consolidated Blackstone Funds and these liabilities are only the obligations of these consolidated Blackstone Funds and they do not have recourse to the general credit of Blackstone.

	December 31, 2018	December 31, 2017
Assets		
Cash Held by Blackstone Funds and Other	$ 337,030	$ 1,580,296
Investments	8,363,669	12,948,653
Accounts Receivable	179,863	470,156
Due from Affiliates	6,303	46,112
Other Assets	3,880	5,189
Total Assets	$ 8,890,745	$ 15,050,406
Liabilities		
Loans Payable	$ 6,480,711	$ 11,300,621
Due to Affiliates	129,370	86,393
Securities Sold, Not Yet Purchased	92,603	89,907
Repurchase Agreements	222,202	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	252,176	1,562,534
Total Liabilities	$ 7,177,062	$ 13,158,295

See notes to consolidated financial statements.

THE BLACKSTONE GROUP L.P.

Consolidated Statements of Operations
(Dollars in Thousands, Except Unit and Per Unit Data)

	Year Ended December 31,		
	2018	2017	2016
Revenues			
Management and Advisory Fees, Net	$ 3,027,796	$ 2,751,322	$ 2,464,290
Incentive Fees	57,540	242,514	149,928
Investment Income (Loss)			
Performance Allocations			
Realized	1,876,507	3,571,811	1,495,439
Unrealized	561,373	(105,473)	530,114
Principal Investments			
Realized	415,862	635,769	278,737
Unrealized	49,917	42,605	77,314
Total Investment Income	2,903,659	4,144,712	2,381,604
Interest and Dividend Revenue	171,947	139,696	95,724
Other	672,317	(133,229)	54,753
Total Revenues	6,833,259	7,145,015	5,146,299
Expenses			
Compensation and Benefits			
Compensation	1,609,957	1,442,485	1,335,408
Incentive Fee Compensation	33,916	105,279	68,921
Performance Allocations Compensation			
Realized	711,076	1,281,965	465,129
Unrealized	319,742	103,794	333,528
Total Compensation and Benefits	2,674,691	2,933,523	2,202,986
General, Administrative and Other	594,873	488,582	541,624
Interest Expense	163,990	197,486	152,654
Fund Expenses	78,486	132,787	52,181
Total Expenses	3,512,040	3,752,378	2,949,445
Other Income			
Reduction of Tax Receivable Agreement Liability	—	403,855	—
Net Gains from Fund Investment Activities	191,722	321,597	184,750
Total Other Income	191,722	725,452	184,750
Income Before Provision for Taxes	3,512,941	4,118,089	2,381,604
Provision for Taxes	249,390	743,147	132,362
Net Income	3,263,551	3,374,942	2,249,242
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,104)	13,806	3,977
Net Income Attributable to Non-Controlling Interests in Consolidated Entities	358,878	497,439	246,152
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,364,989	1,392,323	960,099
Net Income Attributable to The Blackstone Group L.P.	$ 1,541,788	$ 1,471,374	$ 1,039,014
Net Income Per Common Unit			
Common Units, Basic	$ 2.27	$ 2.21	$ 1.60
Common Units, Diluted	$ 2.26	$ 2.21	$ 1.56
Weighted-Average Common Units Outstanding			
Common Units, Basic	678,850,245	665,453,198	649,475,264
Common Units, Diluted	1,206,962,846	666,246,846	1,195,114,590

See notes to consolidated financial statements.

THE BLACKSTONE GROUP L.P.

Consolidated Statements of Comprehensive Income
(Dollars in Thousands)

	Year Ended December 31,		
	2018	2017	2016
Net Income	$3,263,551	$3,374,942	$2,249,242
Other Comprehensive Income (Loss), Net of Tax — Currency Translation Adjustment	(33,506)	80,366	(22,194)
Comprehensive Income	3,230,045	3,455,308	2,227,048
Less:			
Comprehensive Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(2,104)	13,806	3,977
Comprehensive Income Attributable to Non-Controlling Interests in Consolidated Entities	356,488	548,936	234,326
Comprehensive Income Attributable to Non-Controlling Interests in Blackstone Holdings	1,336,331	1,392,323	960,099
Comprehensive Income Attributable to The Blackstone Group L.P.	$1,539,330	$1,500,243	$1,028,646

See notes to consolidated financial statements.

THE BLACKSTONE GROUP L.P.

Consolidated Statement of Changes in Partners' Capital
(Dollars in Thousands, Except Unit Data)

		The Blackstone Group L.P.						
	Common Units	Partners' Capital	Accumulated Other Compre-hensive (Loss)	Total	Non-Controlling Interests in Consolidated Entities	Non-Controlling Interests in Blackstone Holdings	Total Partners' Capital	Redeemable Non-Controlling Interests in Consolidated Entities
Balance at December 31, 2015	624,450,162	$ 6,322,307	$ (52,519)	$ 6,269,788	$ 2,408,701	$ 3,368,509	$12,046,998	$ 183,459
Adoption of ASC 606	—	(2,177)	—	(2,177)	—	(4,869)	(7,046)	—
Net Income	—	1,039,014	—	1,039,014	246,152	960,099	2,245,265	3,977
Currency Translation Adjustment	—	—	(10,368)	(10,368)	(11,826)	—	(22,194)	—
Capital Contributions	—	—	—	—	324,630	—	324,630	15,000
Capital Distributions	—	(1,068,017)	—	(1,068,017)	(530,415)	(950,652)	(2,549,084)	(17,046)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	(8,278)	—	(8,278)	—
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	5,369	—	5,369	—	—	5,369	—
Equity-Based Compensation	—	166,206	—	166,206	—	147,848	314,054	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	6,241,282	(26,572)	—	(26,572)	—	(1,051)	(27,623)	—
Change in The Blackstone Group L.P.'s Ownership Interest	—	7,881	—	7,881	—	(7,881)	—	—
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	12,768,098	77,520	—	77,520	—	(77,520)	—	—
Balance at December 31, 2016	643,459,542	$ 6,521,531	$ (62,887)	$ 6,458,644	$ 2,428,964	$ 3,434,483	$12,322,091	$ 185,390

continued…

See notes to consolidated financial statements.

THE BLACKSTONE GROUP L.P.

Consolidated Statement of Changes in Partners' Capital
(Dollars in Thousands, Except Unit Data)

		The Blackstone Group L.P.						
	Common Units	Partners' Capital	Accumulated Other Compre-hensive (Loss)	Total	Non-Controlling Interests in Consolidated Entities	Non-Controlling Interests in Blackstone Holdings	Total Partners' Capital	Redeemable Non-Controlling Interests in Consolidated Entities
Balance at December 31, 2016	643,459,542	$ 6,521,531	$ (62,887)	$ 6,458,644	$ 2,428,964	$ 3,434,483	$12,322,091	$ 185,390
Consolidation of Fund Entity	—	—	—	—	387,006	—	387,006	—
Net Income	—	1,471,374	—	1,471,374	497,439	1,392,323	3,361,136	13,806
Currency Translation Adjustment	—	—	28,869	28,869	51,497	—	80,366	—
Capital Contributions	—	—	—	—	730,793	—	730,793	58,920
Capital Distributions	—	(1,534,586)	—	(1,534,586)	(836,535)	(1,307,996)	(3,679,117)	(47,172)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	(6,016)	—	(6,016)	—
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	11,057	—	11,057	—	—	11,057	—
Equity-Based Compensation	—	183,484	—	183,484	—	151,539	335,023	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	7,084,888	(28,486)	—	(28,486)	—	(1,706)	(30,192)	—
Change in The Blackstone Group L.P.'s Ownership Interest	—	(15,197)	—	(15,197)	—	15,197	—	—
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	8,981,663	59,334	—	59,334	—	(59,334)	—	—
Balance at December 31, 2017	659,526,093	$ 6,668,511	$ (34,018)	$ 6,634,493	$ 3,253,148	$ 3,624,506	$13,512,147	$ 210,944

continued…

See notes to consolidated financial statements.

Table of Contents

THE BLACKSTONE GROUP L.P.

Consolidated Statement of Changes in Partners' Capital
(Dollars in Thousands, Except Unit Data)

		The Blackstone Group L.P.						
	Common Units	Partners' Capital	Accumulated Other Compre-hensive (Loss)	Total	Non-Controlling Interests in Consolidated Entities	Non-Controlling Interests in Blackstone Holdings	Total Partners' Capital	Redeemable Non-Controlling Interests in Consolidated Entities
Balance at December 31, 2017	659,526,093	$ 6,668,511	$ (34,018)	$ 6,634,493	$ 3,253,148	$ 3,624,506	$13,512,147	$ 210,944
Transfer Out Due to Deconsolidation of Fund Entities	—	—	—	—	(197,091)	—	(197,091)	—
Net Income	—	1,541,788	—	1,541,788	358,878	1,364,989	3,265,655	(2,104)
Currency Translation Adjustment	—	—	(2,458)	(2,458)	(2,389)	(28,659)	(33,506)	—
Capital Contributions	—	—	—	—	903,655	—	903,655	12,980
Capital Distributions	—	(1,635,921)	—	(1,635,921)	(687,623)	(1,410,483)	(3,734,027)	(78,688)
Transfer or Repurchase of Non-Controlling Interests in Consolidated Entities	—	(7,642)	—	(7,642)	20,188	(6,005)	6,541	(1,353)
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	13,907	—	13,907	—	—	13,907	—
Equity-Based Compensation	—	204,590	—	204,590	—	161,824	366,414	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	4,114,395	(20,198)	—	(20,198)	—	(5,462)	(25,660)	—
Repurchase of Blackstone Common Units	(16,000,000)	(541,501)	—	(541,501)	—	—	(541,501)	—
Change in The Blackstone Group L.P.'s Ownership Interest	—	66,799	—	66,799	—	(66,799)	—	—
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	14,821,603	100,397	—	100,397	—	(100,397)	—	—
Issuance of Blackstone Common Units and Blackstone Holdings Partnership Units	750,739	24,970	—	24,970	—	50,803	75,773	—
Balance at December 31, 2018	663,212,830	$ 6,415,700	$ (36,476)	$ 6,379,224	$ 3,648,766	$ 3,584,317	$13,612,307	$ 141,779

See notes to consolidated financial statements.

Table of Contents

THE BLACKSTONE GROUP L.P.

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31,		
	2018	2017	2016
Operating Activities			
Net Income	$ 3,263,551	$ 3,374,942	$ 2,249,242
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities Blackstone Funds Related			
Net Realized Gains on Investments	(2,381,683)	(4,613,531)	(2,023,503)
Changes in Unrealized (Gains) Losses on Investments	4,784	(21,589)	(241,617)
Non-Cash Performance Allocations	(561,373)	105,472	(304,705)
Non-Cash Performance Allocations and Incentive Fee Compensation	1,053,690	1,491,040	867,574
Equity-Based Compensation Expense	366,928	338,687	323,651
Amortization of Intangibles	59,021	46,776	82,943
Other Non-Cash Amounts Included in Net Income	45,286	363,903	17,370
Cash Flows Due to Changes in Operating Assets and Liabilities			
Cash Acquired with Consolidation of Fund Entity	31,422	13,822	—
Cash Relinquished with Deconsolidation of Fund Entities	(899,959)	(33,566)	—
Accounts Receivable	43,037	282,026	87,074
Reverse Repurchase Agreements	—	118,495	86,398
Due from Affiliates	(280,674)	(298,501)	(57,907)
Other Assets	(76,596)	17,377	99,108
Accrued Compensation and Benefits	(729,109)	(1,177,852)	(572,814)
Securities Sold, Not Yet Purchased	(10,125)	(62,730)	42,761
Accounts Payable, Accrued Expenses and Other Liabilities	(357,582)	(755,232)	(214,723)
Repurchase Agreements	103,362	43,516	34,286
Due to Affiliates	74,108	(9,652)	39,035
Investments Purchased	(13,881,869)	(19,573,153)	(8,798,358)
Cash Proceeds from Sale of Investments	14,179,523	18,723,355	8,195,594
Net Cash Provided by (Used in) Operating Activities	45,742	(1,626,395)	(88,591)
Investing Activities			
Purchase of Furniture, Equipment and Leasehold Improvements	(18,377)	(24,347)	(21,826)
Net Cash Paid for Acquisitions, Net of Cash Acquired	(98,219)	(168,913)	—
Net Cash Used in Investing Activities	(116,596)	(193,260)	(21,826)
Financing Activities			
Distributions to Non-Controlling Interest			
Holders in Consolidated Entities	(762,588)	(813,987)	(533,925)
Contributions from Non-Controlling Interest			
Holders in Consolidated Entities	836,922	759,907	329,005
Payments Under Tax Receivable Agreement	—	(135,831)	(78,985)
Net Settlement of Vested Common Units and Repurchase of Common and Blackstone Holdings Partnership Units	(567,161)	(30,192)	(27,623)
Proceeds from Loans Payable	3,218,399	7,600,153	3,321,081
Repayment and Repurchase of Loans Payable	(1,009,354)	(1,766,129)	(420,714)
Distributions to Unitholders	(3,046,404)	(2,842,582)	(2,018,669)
Net Cash Provided by (Used in) Financing Activities	(1,330,186)	2,771,339	570,170
Effect of Exchange Rate Changes on Cash and Cash Equivalents, Cash Held by Blackstone Funds and Other, and Restricted Cash	9,712	123,850	(34,059)

continued…

See notes to consolidated financial statements.

THE BLACKSTONE GROUP L.P.

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash and Cash Equivalents, Cash Held by Blackstone Funds and Other, and Restricted Cash			
Net Increase (Decrease)	$ (1,391,328)	$ 1,075,534	$ 425,694
Beginning of Period	3,936,489	2,860,955	2,435,261
End of Period	$ 2,545,161	$ 3,936,489	$ 2,860,955
Supplemental Disclosure of Cash Flows Information			
Payments for Interest	$ 169,872	$ 160,178	$ 151,948
Payments for Income Taxes	$ 192,790	$ 106,032	$ 65,790
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Non-Cash Contributions from Non-Controlling Interest Holders	$ 10,435	$ 1,112	$ 1,155
Non-Cash Distributions to Non-Controlling Interest Holders	$ (18,723)	$ (69,721)	$ (13,536)
Non-Cash Consideration for Acquisition	$ (50,803)	$ (95,262)	$ —
Net Assets Related to the Consolidation of Certain Fund Entities	$ —	$ 387,006	$ —
Notes Issuance Costs	$ —	$ 5,582	$ 5,491
Transfer of Interests to Non-Controlling Interest Holders	$ 20,188	$ (6,016)	$ (8,278)
Change in The Blackstone Group L.P.'s Ownership Interest	$ 66,799	$ (15,197)	$ 7,881
Net Settlement of Vested Common Units	$ 136,238	$ 127,392	$ 101,898
Conversion of Blackstone Holdings Units to Common Units	$ 100,397	$ 59,334	$ 77,520
Acquisition of Ownership Interests from Non-Controlling Interest Holders			
Deferred Tax Asset	$ (93,391)	$ (74,487)	$ (59,304)
Due to Affiliates	$ 79,484	$ 63,430	$ 53,935
Partners' Capital	$ 13,907	$ 11,057	$ 5,369
Issuance of New Units	$ 24,970	$ —	$ —

The following table provides a reconciliation of Cash and Cash Equivalents, Cash Held by Blackstone Funds and Other, and Restricted Cash reported within the Consolidated Statements of Financial Condition:

	December 31, 2018	December 31, 2017
Cash and Cash Equivalents	$ 2,207,841	$ 1,992,497
Cash Held by Blackstone Funds and Other	337,320	1,929,531
Restricted Cash included in Other Assets	—	14,461
	$ 2,545,161	$ 3,936,489

See notes to consolidated financial statements.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

1. ORGANIZATION

The Blackstone Group L.P., together with its subsidiaries ("Blackstone" or the "Partnership"), is a leading global manager of private capital. The alternative asset management business includes the management of private equity funds, real estate funds, real estate investment trusts ("REITs"), funds of hedge funds, hedge funds, credit-focused funds, collateralized loan obligation ("CLO") vehicles, separately managed accounts and registered investment companies (collectively referred to as the "Blackstone Funds"). Blackstone's business is organized into four segments: Real Estate, Private Equity, Hedge Fund Solutions and Credit.

The Partnership was formed as a Delaware limited partnership on March 12, 2007. The Partnership is managed and operated by its general partner, Blackstone Group Management L.L.C., which is in turn wholly owned by Blackstone's senior managing directors and controlled by one of Blackstone's founders, Stephen A. Schwarzman (the "Founder"). The activities of the Partnership are conducted through its holding partnerships: Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. (collectively, "Blackstone Holdings", "Blackstone Holdings Partnerships" or the "Holding Partnerships"). The Partnership, through its wholly owned subsidiaries, is the sole general partner in each of these Holding Partnerships.

Generally, holders of the limited partner interests in the Holding Partnerships may, four times each year, exchange their limited partnership interests ("Partnership Units") for Blackstone common units, on a one-to-one basis, exchanging one Partnership Unit from each of the Holding Partnerships for one Blackstone common unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The consolidated financial statements include the accounts of the Partnership, its wholly owned or majority-owned subsidiaries, the consolidated entities which are considered to be variable interest entities and for which the Partnership is considered the primary beneficiary, and certain partnerships or similar entities which are not considered variable interest entities but in which the general partner is presumed to have control.

All intercompany balances and transactions have been eliminated in consolidation.

Restructurings within consolidated CLOs are treated as investment purchases or sales, as applicable, in the Consolidated Statements of Cash Flows.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that estimates utilized in the preparation of the consolidated financial statements are prudent and reasonable. Such estimates include those used in the valuation of investments and financial instruments and the accounting for Goodwill and equity-based compensation. Actual results could differ from those estimates and such differences could be material.

Consolidation

The Partnership consolidates all entities that it controls through a majority voting interest or otherwise, including those Blackstone Funds in which the general partner has a controlling financial interest. The Partnership has a controlling financial interest in Blackstone Holdings because the limited partners do not have the right to dissolve the partnerships or have substantive kick out rights or participating rights that would overcome the control held by the Partnership. Accordingly, the Partnership consolidates Blackstone Holdings and records non-controlling interests to reflect the economic interests of the limited partners of Blackstone Holdings.

In addition, the Partnership consolidates all variable interest entities ("VIE") in which it is the primary beneficiary. An enterprise is determined to be the primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The consolidation guidance requires an analysis to determine (a) whether an entity in which the Partnership holds a variable interest is a VIE and (b) whether the Partnership's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests, would give it a controlling financial interest. Performance of that analysis requires the exercise of judgment.

The Partnership determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a variable interest entity and continuously reconsiders that conclusion. In determining whether the Partnership is the primary beneficiary, Blackstone evaluates its control rights as well as economic interests in the entity held either directly or indirectly by the Partnership. The consolidation analysis can generally be performed qualitatively; however, if it is not readily apparent that the Partnership is not the primary beneficiary, a quantitative analysis may also be performed. Investments and redemptions (either by the Partnership, affiliates of the Partnership or third parties) or amendments to the governing documents of the respective Blackstone Funds could affect an entity's status as a VIE or the determination of the primary beneficiary. At each reporting date, the Partnership assesses whether it is the primary beneficiary and will consolidate or deconsolidate accordingly.

Assets of consolidated VIEs that can only be used to settle obligations of the consolidated VIE and liabilities of a consolidated VIE for which creditors (or beneficial interest holders) do not have recourse to the general credit of Blackstone are presented in a separate section in the Consolidated Statements of Financial Condition.

Blackstone's other disclosures regarding VIEs are discussed in Note 9. "Variable Interest Entities".

Revenue Recognition

Revenues primarily consist of management and advisory fees, incentive fees, investment income, interest and dividend revenue and other.

Management and advisory fees and incentive fees are accounted for as contracts with customers. Under the guidance for contracts with customers, an entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. See Note 19. "Segment Reporting" for a disaggregated presentation of revenues from contracts with customers.

Investment Income represents the unrealized and realized gains and losses on the Partnership's Performance Allocations and Principal Investments. Interest and Dividend Revenue comprises primarily interest and dividend income earned on principal investments held by the Partnership. Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

Management and Advisory Fees, Net — Management and Advisory Fees, Net are comprised of management fees, including base management fees, transaction and other fees and advisory fees net of management fee reductions and offsets.

The Partnership earns base management fees from limited partners of funds in each of its managed funds, at a fixed percentage of assets under management, net asset value, total assets, committed capital or invested capital. These customer contracts require the Partnership to provide investment management services, which represents a performance obligation that the Partnership satisfies over time. Management fees are a form of variable consideration because the fees the Partnership is entitled to vary based on fluctuations in the basis for the management fee. The amount recorded as revenue is generally determined at the end of the period because these management fees are payable on a regular basis (typically quarterly) and are not subject to clawback once paid.

Transaction, advisory and other fees (including monitoring fees) are principally fees charged to the limited partners of funds indirectly through the managed funds and portfolio companies. The investment advisory agreements generally require that the investment adviser reduce the amount of management fees payable by the limited partners to the Partnership ("management fee reductions") by an amount equal to a portion of the transaction and other fees paid to the Partnership by the portfolio companies. The amount of the reduction varies by fund, the type of fee paid by the portfolio company and the previously incurred expenses of the fund. These fees and associated management fee reductions are a component of the transaction price for the Partnership's performance obligation to provide investment management services to the limited partners of funds and are recognized as changes to the transaction price in the period in which they are charged and the services are performed.

Management fee offsets are reductions to management fees payable by the limited partners of the Blackstone Funds, which are based on the amount such limited partners reimburse the Blackstone Funds or the Partnership primarily for placement fees. Providing investment management services requires the Partnership to arrange for services on behalf of its customers. In those situations where the Partnership is acting as an agent on behalf of the limited partners of funds, it presents the cost of services as net against management fee revenue. In all other situations, the Partnership is primarily responsible for fulfilling the services and is therefore acting as a principal for those arrangements. As a result, the cost of those services is presented gross as Compensation or General, Administrative and Other expense, as appropriate, with any reimbursement from the limited partners of the funds recorded as Management and Advisory Fees, Net.

Accrued but unpaid Management and Advisory Fees, net of management fee reductions and management fee offsets, as of the reporting date are included in Accounts Receivable or Due from Affiliates in the Consolidated Statements of Financial Condition.

Incentive Fees — Contractual fees earned based on the performance of Blackstone Funds ("Incentive Fees") are a form of variable consideration in Blackstone's contracts with customers to provide investment management services. Incentive Fees are earned based on fund performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance with the respective terms set out in each fund's governing agreements. Incentive Fees will not be recognized as revenue until (a) it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

variable consideration is subsequently resolved. Incentive Fees are typically recognized as revenue when realized at the end of the measurement period. Once realized, such fees are not subject to clawback or reversal. Accrued but unpaid Incentive Fees charged directly to investors in Blackstone Funds as of the reporting date are recorded within Due from Affiliates in the Consolidated Statements of Financial Condition.

Investment Income (Loss) — Investment Income (Loss) represents the unrealized and realized gains and losses on the Partnership's Performance Allocations and Principal Investments.

In certain fund structures across private equity, real estate, hedge fund solutions and credit-focused funds ("carry funds"), Blackstone, through its subsidiaries, invests alongside its limited partners in a partnership and is entitled to its pro-rata share of the results of the fund (a "pro-rata allocation"). In addition to a pro-rata allocation, and assuming certain investment returns are achieved, Blackstone is entitled to a disproportionate allocation of the income otherwise allocable to the limited partners, commonly referred to as carried interest ("Performance Allocations").

Performance Allocations are made to the general partner based on cumulative fund performance to date, subject to a preferred return to limited partners. At the end of each reporting period, the Partnership calculates the balance of accrued Performance Allocations ("Accrued Performance Allocations") that would be due to the Partnership for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as Accrued Performance Allocations to reflect either (a) positive performance resulting in an increase in the Accrued Performance Allocation to the general partner or (b) negative performance that would cause the amount due to the Partnership to be less than the amount previously recognized as revenue, resulting in a negative adjustment to the Accrued Performance Allocation to the general partner. In each scenario, it is necessary to calculate the Accrued Performance Allocation on cumulative results compared to the Accrued Performance Allocation recorded to date and make the required positive or negative adjustments. The Partnership ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. The Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Performance Allocations over the life of a fund. Accrued Performance Allocations as of the reporting date are reflected in Investments in the Consolidated Statements of Financial Condition.

Performance Allocations are realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the preferred return or, in limited instances, after certain thresholds for return of capital are met. Performance Allocations are subject to clawback to the extent that the Performance Allocation received to date exceeds the amount due to Blackstone based on cumulative results. As such, the accrual for potential repayment of previously received Performance Allocations, which is a component of Due to Affiliates, represents all amounts previously distributed to Blackstone Holdings and non-controlling interest holders that would need to be repaid to the Blackstone carry funds if the Blackstone carry funds were to be liquidated based on the current fair value of the underlying funds' investments as of the reporting date. The actual clawback liability, however, generally does not become realized until the end of a fund's life except for certain funds, including certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may have an interim clawback liability.

Principal Investments include the unrealized and realized gains and losses on the Partnership's principal investments, including its investments in Blackstone Funds that are not consolidated and receive pro-rata allocations, its equity method investments, and other principal investments. Income (Loss) on Principal Investments

is realized when the Partnership redeems all or a portion of its investment or when the Partnership receives cash income, such as dividends or distributions. Unrealized Income (Loss) on Principal Investments results from changes in the fair value of the underlying investment as well as the reversal of unrealized gain (loss) at the time an investment is realized.

Interest and Dividend Revenue — Interest and Dividend Revenue comprises primarily interest and dividend income earned on principal investments not accounted for under the equity method held by Blackstone.

Other Revenue — Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

Fair Value of Financial Instruments

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

- Level I — Quoted prices are available in active markets for identical financial instruments as of the reporting date. The types of financial instruments in Level I include listed equities, listed derivatives and mutual funds with quoted prices. The Partnership does not adjust the quoted price for these investments, even in situations where Blackstone holds a large position and a sale could reasonably impact the quoted price.
- Level II — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Financial instruments which are generally included in this category include corporate bonds and loans, including corporate bonds and loans held within CLO vehicles, government and agency securities, less liquid and restricted equity securities, and certain over-the-counter derivatives where the fair value is based on observable inputs. Senior and subordinated notes issued by CLO vehicles are classified within Level II of the fair value hierarchy.
- Level III — Pricing inputs are unobservable for the financial instruments and includes situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are included in this category generally include general and limited partnership interests in private equity and real estate funds, credit-focused funds, distressed debt and non-investment grade residual interests in securitizations, certain corporate bonds and loans held within CLO vehicles, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Level II Valuation Techniques

Financial instruments classified within Level II of the fair value hierarchy comprise debt instruments, including certain corporate loans and bonds held by Blackstone's consolidated CLO vehicles and debt securities sold, not yet purchased. Certain equity securities and derivative instruments valued using observable inputs are also classified as Level II.

The valuation techniques used to value financial instruments classified within Level II of the fair value hierarchy are as follows:

- Debt Instruments and Equity Securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments. The valuation of certain equity securities is based on an observable price for an identical security adjusted for the effect of a restriction.
- Freestanding Derivatives are valued using contractual cash flows and observable inputs comprising yield curves, foreign currency rates and credit spreads.
- Senior and subordinate notes issued by CLO vehicles are classified based on the more observable fair value of CLO assets less (a) the fair value of any beneficial interests held by Blackstone, and (b) the carrying value of any beneficial interests that represent compensation for services.

Level III Valuation Techniques

In the absence of observable market prices, Blackstone values its investments using valuation methodologies applied on a consistent basis. For some investments little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks. Investments for which market prices are not observable include private investments in the equity of operating companies, real estate properties, certain funds of hedge funds and credit-focused investments.

Private Equity Investments — The fair values of private equity investments are determined by reference to projected net earnings, earnings before interest, taxes, depreciation and amortization ("EBITDA"), the discounted cash flow method, public market or private transactions, valuations for comparable companies and other measures which, in many cases, are based on unaudited information at the time received. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key performance metric of the investee company such as EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to EBITDA or price/earnings exit multiples.

Real Estate Investments — The fair values of real estate investments are determined by considering projected operating cash flows, sales of comparable assets, if any, and replacement costs among other measures. The methods used to estimate the fair value of real estate investments include the discounted cash flow method and/or capitalization rates ("cap rates") analysis. Valuations may be derived by reference to observable valuation measures

for comparable companies or assets (for example, multiplying a key performance metric of the investee company or asset, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to an exit EBITDA multiple or capitalization rate. Additionally, where applicable, projected distributable cash flow through debt maturity will be considered in support of the investment's fair value.

Credit-Focused Investments — The fair values of credit-focused investments are generally determined on the basis of prices between market participants provided by reputable dealers or pricing services. For credit-focused investments that are not publicly traded or whose market prices are not readily available, Blackstone may utilize other valuation techniques, including the discounted cash flow method or a market approach. The discounted cash flow method projects the expected cash flows of the debt instrument based on contractual terms, and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of publicly traded debt instruments issued by companies operating in similar industries as the subject investment, with similar leverage statistics and time to maturity.

The market approach is generally used to determine the enterprise value of the issuer of a credit investment, and considers valuation multiples of comparable companies or transactions. The resulting enterprise value will dictate whether or not such credit investment has adequate enterprise value coverage. In cases of distressed credit instruments, the market approach may be used to estimate a recovery value in the event of a restructuring.

Investments, at Fair Value

The Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accountants Accounting and Auditing Guide, *Investment Companies* , and in accordance with the GAAP guidance on investment companies and reflect their investments, including majority-owned and controlled investments (the "Portfolio Companies"), at fair value. Such consolidated funds' investments are reflected in Investments on the Consolidated Statements of Financial Condition at fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of Net Gains from Fund Investment Activities in the Consolidated Statements of Operations. Fair value is the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, at current market conditions (i.e., the exit price).

Blackstone's principal investments are presented at fair value with unrealized appreciation or depreciation and realized gains and losses recognized in the Consolidated Statements of Operations within Investment Income (Loss).

For certain instruments, the Partnership has elected the fair value option. Such election is irrevocable and is applied on an investment by investment basis at initial recognition. The Partnership has applied the fair value option for certain loans and receivables and certain investments in private debt securities that otherwise would not have been carried at fair value with gains and losses recorded in net income. The methodology for measuring the fair value of such investments is consistent with the methodology applied to private equity, real estate, credit-focused and funds of hedge funds investments. Changes in the fair value of such instruments are recognized in Investment Income (Loss) in the Consolidated Statements of Operations. Interest income on interest bearing loans and receivables and debt securities on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of purchase discounts and the amortization of purchase premiums. This interest income is recorded within Interest and Dividend Revenue.

The Partnership has elected the fair value option for the assets of consolidated CLO vehicles. As permitted under GAAP, the Partnership measures the liabilities of consolidated CLO vehicles as (a) the sum of the fair value

of the consolidated CLO assets and the carrying value of any non-financial assets held temporarily, less (b) the sum of the fair value of any beneficial interests retained by the Partnership (other than those that represent compensation for services) and the Partnership's carrying value of any beneficial interests that represent compensation for services. As a result of this measurement alternative, there is no attribution of amounts to Non-Controlling Interests for consolidated CLO vehicles. Assets of the consolidated CLOs are presented within Investments within the Consolidated Statements of Financial Condition and Liabilities within Loans Payable for the amounts due to unaffiliated third parties and Due to Affiliates for the amounts held by non-consolidated affiliates. Changes in the fair value of consolidated CLO assets and liabilities and related interest, dividend and other income are presented within Net Gains from Fund Investment Activities. Expenses of consolidated CLO vehicles are presented in Fund Expenses.

The Partnership has elected the fair value option for certain proprietary investments that would otherwise have been accounted for using the equity method of accounting. The fair value of such investments is based on quoted prices in an active market or using the discounted cash flow method. Changes in fair value are recognized in Investment Income (Loss) in the Consolidated Statements of Operations.

Further disclosure on instruments for which the fair value option has been elected is presented in Note 7. "Fair Value Option".

The investments of consolidated Blackstone Funds in funds of hedge funds ("Investee Funds") are valued at net asset value ("NAV") per share of the Investee Fund. In limited circumstances, the Partnership may determine, based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, the Partnership will estimate the fair value in good faith and in a manner that it reasonably chooses, in accordance with the requirements of GAAP.

Certain investments of Blackstone and of the consolidated Blackstone funds of hedge funds and credit-focused funds measure their investments in underlying funds at fair value using NAV per share without adjustment. The terms of the investee's investment generally provide for minimum holding periods or lock-ups, the institution of gates on redemptions or the suspension of redemptions or an ability to side pocket investments, at the discretion of the investee's fund manager, and as a result, investments may not be redeemable at, or within three months of, the reporting date. A side pocket is used by hedge funds and funds of hedge funds to separate investments that may lack a readily ascertainable value, are illiquid or are subject to liquidity restriction. Redemptions are generally not permitted until the investments within a side pocket are liquidated or it is deemed that the conditions existing at the time that required the investment to be included in the side pocket no longer exist. As the timing of either of these events is uncertain, the timing at which the Partnership may redeem an investment held in a side pocket cannot be estimated. Further disclosure on instruments for which fair value is measured using NAV per share is presented in Note 5. "Net Asset Value as Fair Value".

Security and loan transactions are recorded on a trade date basis.

Equity Method Investments

Investments in which the Partnership is deemed to exert significant influence, but not control, are accounted for using the equity method of accounting except in cases where the fair value option has been elected. The Partnership has significant influence over all Blackstone Funds in which it invests but does not consolidate. Therefore, its investments in such Blackstone Funds, which include both a proportionate and disproportionate allocation of the profits and losses (as is the case with carry funds that include a Performance Allocation), are accounted for under the equity method. Under the equity method of accounting, the Partnership's share of earnings (losses) from equity method investments is included in Investment Income (Loss) in the Consolidated Statements of Operations.

In cases where the Partnership's equity method investments provide for a disproportionate allocation of the profits and losses (as is the case with carry funds that include a Performance Allocation), the Partnership's share of earnings (losses) from equity method investments is determined using a balance sheet approach referred to as the hypothetical liquidation at book value ("HLBV") method. Under the HLBV method, at the end of each reporting period the Partnership calculates the Accrued Performance Allocations that would be due to the Partnership for each fund pursuant to the fund agreements as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as Accrued Performance Allocations to reflect either (a) positive performance resulting in an increase in the Accrued Performance Allocation to the general partner, or (b) negative performance that would cause the amount due to the Partnership to be less than the amount previously recognized as revenue, resulting in a negative adjustment to the Accrued Performance Allocation to the general partner. In each scenario, it is necessary to calculate the Accrued Performance Allocation on cumulative results compared to the Accrued Performance Allocation recorded to date and make the required positive or negative adjustments. The Partnership ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. The Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Performance Allocations over the life of a fund. The carrying amounts of equity method investments are reflected in Investments in the Consolidated Statements of Financial Condition.

Cash and Cash Equivalents

Cash and Cash Equivalents represents cash on hand, cash held in banks, money market funds and liquid investments with original maturities of three months or less. Interest income from cash and cash equivalents is recorded in Interest and Dividend Revenue in the Consolidated Statements of Operations.

Cash Held by Blackstone Funds and Other

Cash Held by Blackstone Funds and Other represents cash and cash equivalents held by consolidated Blackstone Funds and other consolidated entities. Such amounts are not available to fund the general liquidity needs of Blackstone.

Accounts Receivable

Accounts Receivable includes management fees receivable from limited partners, receivables from underlying funds in the fund of hedge funds business, placement and advisory fees receivables, receivables relating to unsettled sale transactions and loans extended to unaffiliated third parties. Accounts Receivable, excluding those for which the fair value option has been elected, are assessed periodically for collectability. Amounts determined to be uncollectible are charged directly to General, Administrative and Other Expenses in the Consolidated Statements of Operations.

Intangibles and Goodwill

Blackstone's intangible assets consist of contractual rights to earn future fee income, including management and advisory fees, Incentive Fees and Performance Allocations. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from three to twenty years, reflecting the contractual lives of such assets. Amortization expense is included within General, Administrative and Other in the Consolidated Statements of Operations. The Partnership does not hold any indefinite-lived intangible assets. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Goodwill comprises goodwill arising from the contribution and reorganization of the Partnership's predecessor entities in 2007 immediately prior to its IPO and the acquisitions of GSO in 2008, Strategic Partners in 2013, Harvest Fund Advisors LLC ("Harvest") in 2017 and Clarus Ventures LLC ("Clarus") in 2018. Goodwill is reviewed for impairment at least annually utilizing a qualitative or quantitative approach, and more frequently if circumstances indicate impairment may have occurred. The impairment testing for goodwill under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not that the fair value of Blackstone's operating segments is less than their respective carrying values. The operating segment is the reporting level for testing the impairment of goodwill. If it is determined that it is more likely than not that an operating segment's fair value is less than its carrying value or when the quantitative approach is used, a two-step quantitative assessment is performed to (a) calculate the fair value of the operating segment and compare it to its carrying value, and (b) if the carrying value exceeds its fair value, to measure an impairment loss.

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consist primarily of leasehold improvements, furniture, fixtures and equipment, computer hardware and software and are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the assets' estimated useful economic lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, generally ten to fifteen years, and three to seven years for other fixed assets. The Partnership evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Foreign Currency

In the normal course of business, the Partnership may enter into transactions not denominated in United States dollars. Foreign exchange gains and losses arising on such transactions are recorded as Other Revenue in the Consolidated Statements of Operations. Foreign currency transaction gains and losses arising within consolidated Blackstone Funds are recorded in Net Gains (Losses) from Fund Investment Activities. In addition, the Partnership consolidates a number of entities that have a non-U.S. dollar functional currency. Non-U.S. dollar denominated assets and liabilities are translated to U.S. dollars at the exchange rate prevailing at the reporting date and income, expenses, gains and losses are translated at the prevailing exchange rate on the dates that they were recorded. Cumulative translation adjustments arising from the translation of non-U.S. dollar denominated operations are recorded in Other Comprehensive Income and allocated to Non-Controlling Interests in Consolidated Entities and Non-Controlling Interests in Blackstone Holdings, as applicable.

Comprehensive Incom e

Comprehensive Income consists of Net Income and Other Comprehensive Income. The Partnership's Other Comprehensive Income is comprised of foreign currency cumulative translation adjustments.

Non-Controlling Interests in Consolidated Entities

Non-Controlling Interests in Consolidated Entities represent the component of Partners' Capital in consolidated Blackstone Funds held by third party investors and employees. The percentage interests held by third parties and employees is adjusted for general partner allocations and by subscriptions and redemptions in funds of hedge funds and certain credit-focused funds which occur during the reporting period. In addition, all non-controlling interests in consolidated Blackstone Funds are attributed a share of income (loss) arising from the respective funds and a share

of other comprehensive income, if applicable. Income (Loss) is allocated to non-controlling interests in consolidated entities based on the relative ownership interests of third party investors and employees after considering any contractual arrangements that govern the allocation of income (loss) such as fees allocable to The Blackstone Group L.P.

Redeemable Non-Controlling Interests in Consolidated Entities

Non-controlling interests related to funds of hedge funds are subject to annual, semi-annual or quarterly redemption by investors in these funds following the expiration of a specified period of time, or may be withdrawn subject to a redemption fee during the period when capital may not be withdrawn. As limited partners in these types of funds have been granted redemption rights, amounts relating to third party interests in such consolidated funds are presented as Redeemable Non-Controlling Interests in Consolidated Entities within the Consolidated Statements of Financial Condition. When redeemable amounts become legally payable to investors, they are classified as a liability and included in Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition. For all consolidated funds in which redemption rights have not been granted, non-controlling interests are presented within Partners' Capital in the Consolidated Statements of Financial Condition as Non-Controlling Interests in Consolidated Entities.

Non-Controlling Interests in Blackstone Holdings

Non-Controlling Interests in Blackstone Holdings represent the component of Partners' Capital in the consolidated Blackstone Holdings Partnerships held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships.

Certain costs and expenses are borne directly by the Holdings Partnerships. Income (Loss), excluding those costs directly borne by and attributable to the Holdings Partnerships, is attributable to Non-Controlling Interests in Blackstone Holdings. This residual attribution is based on the year to date average percentage of Blackstone Holdings Partnership Units held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships.

Compensation and Benefits

Compensation and Benefits — Compensation — Compensation consists of (a) salary and bonus, and benefits paid and payable to employees and senior managing directors and (b) equity-based compensation associated with the grants of equity-based awards to employees and senior managing directors. Compensation cost relating to the issuance of equity-based awards to senior managing directors and employees is measured at fair value at the grant date, and expensed over the vesting period on a straight-line basis, taking into consideration expected forfeitures, except in the case of (a) equity-based awards that do not require future service, which are expensed immediately, and (b) certain awards to recipients that meet criteria making them eligible for retirement (allowing such recipient to keep a percentage of those awards upon departure from Blackstone after becoming eligible for retirement), for which the expense for the portion of the award that would be retained in the event of retirement is either expensed immediately or amortized to the retirement date. Cash settled equity-based awards are classified as liabilities and are remeasured at the end of each reporting period.

Compensation and Benefits — Incentive Fee Compensation — Incentive Fee Compensation consists of compensation paid based on Incentive Fees.

Compensation and Benefits — Performance Allocations Compensation — Performance Allocation Compensation consists of compensation paid based on Performance Allocations (which may be distributed in cash

or in-kind). Such compensation expense is subject to both positive and negative adjustments. Unlike Performance Allocations, compensation expense is based on the performance of individual investments held by a fund rather than on a fund by fund basis. These amounts may also include allocations of investment income from Blackstone's principal investments, to senior managing directors and employees participating in certain profit sharing initiatives.

Other Income

Net Gains (Losses) from Fund Investment Activities in the Consolidated Statements of Operations include net realized gains (losses) from realizations and sales of investments, the net change in unrealized gains (losses) resulting from changes in the fair value of investments and interest income and expense and dividends attributable to the consolidated Blackstone Funds' investments.

Expenses incurred by consolidated Blackstone funds are separately presented within Fund Expenses in the Consolidated Statements of Operations.

Other Income also includes amounts attributable to the Reduction of the Tax Receivable Agreement Liability. See Note 14. "Income Taxes — Other Income — Reduction of the Tax Receivable Agreement Liability" for additional information.

Income Taxes

The Blackstone Holdings Partnerships and certain of their subsidiaries operate in the U.S. as partnerships for U.S. federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to New York City unincorporated business taxes or non-U.S. income taxes. In addition, certain of the wholly owned subsidiaries of the Partnership and the Blackstone Holdings Partnerships will be subject to federal, state and local corporate income taxes at the entity level and the related tax provision attributable to the Partnership's share of this income tax is reflected in the Consolidated Financial Statements.

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current and deferred tax liabilities are recorded within Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition.

Blackstone uses the flow-through method to account for investment tax credits. Under this method, the investment tax credits are recognized as a reduction to income tax expense.

Blackstone analyzes its tax filing positions in all of the U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. Blackstone records unrecognized tax benefits on the basis of a two-step process:
(a) determination is made whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (b) those tax positions that meet the more likely than not threshold are recognized as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Blackstone recognizes accrued interest and penalties related to unrecognized tax benefits in General, Administrative, and Other expenses within the Consolidated Statements of Operations.

Net Income (Loss) Per Common Unit

Basic Income (Loss) Per Common Unit is calculated by dividing Net Income (Loss) Attributable to The Blackstone Group L.P. by the weighted-average number of common units, unvested participating common units outstanding for the period and vested deferred restricted common units that have been earned for which issuance of the related common units is deferred until future periods. Diluted Income (Loss) Per Common Unit reflects the assumed conversion of all dilutive securities. Diluted Income (Loss) Per Common Unit excludes the anti-dilutive effect of Blackstone Holdings Partnership Units and deferred restricted common units, as applicable.

The Partnership applies the treasury stock method to determine the dilutive weighted-average common units outstanding. The Partnership applies the "if-converted" method to the Blackstone Holdings Partnership Units to determine the dilutive weighted-average common units represented by the Blackstone Holdings Partnership Units.

Repurchase Agreements

Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements"), comprised primarily of U.S. and non-U.S. government and agency securities, asset-backed securities and corporate debt, represent collateralized financing transactions. Such transactions are recorded in the Consolidated Statements of Financial Condition at their contractual amounts and include accrued interest. The carrying value of repurchase and reverse repurchase agreements approximates fair value.

The Partnership manages credit exposure arising from reverse repurchase agreements and repurchase agreements by, in appropriate circumstances, entering into master netting agreements and collateral arrangements with counterparties that provide the Partnership, in the event of a counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

The Partnership takes possession of securities purchased under reverse repurchase agreements and is permitted to repledge, deliver or otherwise use such securities. The Partnership also pledges its financial instruments to counterparties to collateralize repurchase agreements. Financial instruments pledged that can be repledged, delivered or otherwise used by the counterparty are recorded in Investments in the Consolidated Statements of Financial Condition. Additional disclosures relating to repurchase agreements are discussed in Note 10. "Repurchase Agreements".

Blackstone does not offset assets and liabilities relating to reverse repurchase agreements and repurchase agreements in its Consolidated Statements of Financial Condition. Additional disclosures relating to offsetting are discussed in Note 12. "Offsetting of Assets and Liabilities".

Securities Sold, Not Yet Purchased

Securities Sold, Not Yet Purchased consist of equity and debt securities that the Partnership has borrowed and sold. The Partnership is required to "cover" its short sale in the future by purchasing the security at prevailing market prices and delivering it to the counterparty from which it borrowed the security. The Partnership is exposed to loss in the event that the price at which a security may have to be purchased to cover a short sale exceeds the price at which the borrowed security was sold short.

Securities Sold, Not Yet Purchased are recorded at fair value in the Consolidated Statements of Financial Condition.

Derivative Instruments

The Partnership recognizes all derivatives as assets or liabilities on its Consolidated Statements of Financial Condition at fair value. On the date the Partnership enters into a derivative contract, it designates and documents each derivative contract as one of the following: (a) a hedge of a recognized asset or liability ("fair value hedge"), (b) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), (c) a hedge of a net investment in a foreign operation, or (d) a derivative instrument not designated as a hedging instrument ("freestanding derivative"). For a fair value hedge, Blackstone records changes in the fair value of the derivative and, to the extent that it is highly effective, changes in the fair value of the hedged asset or liability attributable to the hedged risk, in current period earnings in General, Administrative and Other in the Consolidated Statements of Operations. Changes in the fair value of derivatives designated as hedging instruments caused by factors other than changes in the risk being hedged, which are excluded from the assessment of hedge effectiveness, are recognized in current period earnings. Gains or losses on a derivative instrument that is designated as, and is effective as, an economic hedge of a net investment in a foreign operation are reported in the cumulative translation adjustment section of other comprehensive income to the extent it is effective as a hedge. The ineffective portion of a net investment hedge is recognized in current period earnings.

The Partnership formally documents at inception its hedge relationships, including identification of the hedging instruments and the hedged items, its risk management objectives, strategy for undertaking the hedge transaction and the Partnership's evaluation of effectiveness of its hedged transaction. At least monthly, the Partnership also formally assesses whether the derivative it designated in each hedging relationship is expected to be, and has been, highly effective in offsetting changes in estimated fair values or cash flows of the hedged items using either the regression analysis or the dollar offset method. For net investment hedges, the Partnership uses a method based on changes in spot rates to measure effectiveness. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued. The Partnership may also at any time remove a designation of a fair value hedge. The fair values of hedging derivative instruments are reflected within Other Assets in the Consolidated Statements of Financial Condition.

For freestanding derivative contracts, the Partnership presents changes in fair value in current period earnings. Changes in the fair value of derivative instruments held by consolidated Blackstone Funds are reflected in Net Gains from Fund Investment Activities or, where derivative instruments are held by the Partnership, within Investment Income (Loss) in the Consolidated Statements of Operations. The fair value of freestanding derivative assets of the consolidated Blackstone Funds are recorded within Investments, the fair value of freestanding derivative assets that are not part of the consolidated Blackstone Funds are recorded within Other Assets and the fair value of freestanding derivative liabilities are recorded within Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition.

The Partnership has elected to not offset derivative assets and liabilities or financial assets in its Consolidated Statements of Financial Condition, including cash, that may be received or paid as part of collateral arrangements, even when an enforceable master netting agreement is in place that provides the Partnership, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

Blackstone's other disclosures regarding derivative financial instruments are discussed in Note 6. "Derivative Financial Instruments".

Blackstone's disclosures regarding offsetting are discussed in Note 12. "Offsetting of Assets and Liabilities".

Affiliates

Blackstone considers its Founder, senior managing directors, employees, the Blackstone Funds and the Portfolio Companies to be affiliates.

Distributions

Distributions are reflected in the consolidated financial statements when declared.

Recent Accounting Developments

In May 2014, the Financial Accounting Standards Board ("FASB") issued amended guidance on revenue from contracts with customers. The new guidance was effective for Blackstone beginning January 1, 2018 and was adopted on a full retrospective basis. The guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Blackstone has concluded that its Management and Advisory Fees and Incentive Fees are within the scope of the amended revenue recognition guidance. The adoption of the amended guidance did not have a material impact on the recognition of Management and Advisory Fees. For Incentive Fees, the amended guidance changes the presentation and delays the recognition of revenues compared to the prior accounting treatment. These amounts were previously recognized within Realized and Unrealized Performance Fees — Incentive Fees in the Consolidated Statements of Operations. Under the amended guidance, these amounts will be recognized separately within Incentive Fees. Blackstone recorded a net reduction to Partners' Capital of $2.2 million as of December 31, 2015, as a result of adopting the amended guidance. For the twelve months ended December 31, 2016, the impact on Total Revenues and Net Income Attributable to The Blackstone Group L.P. was an increase of $20.5 million and $0.2 million, respectively, while Net Income Per Common Unit — Basic, and Net Income Per Common Unit — Diluted remained the same. For the twelve months ended December 31, 2017, the impact on Total Revenues and Net Income Attributable to The Blackstone Group L.P. was a reduction of $26.0 million, $0.5 million, respectively, while Net Income Per Common Unit — Basic, and Net Income Per Common Unit — Diluted remained the same. Also, the reimbursement of certain costs incurred in the process of providing investment management services, primarily travel costs, that were previously presented net in the Consolidated Statements of Operations are presented gross under the amended guidance. For the twelve months ended December 31, 2016 and 2017, these costs were $21.3 million and $22.3 million, respectively, and are presented in General, Administrative and Other Expenses with the related reimbursement presented in Management and Advisory Fees, Net in the Consolidated Statements of Operations.

Blackstone has concluded that investments made alongside its limited partners in a partnership which entitle Blackstone to a pro-rata allocation and a disproportionate Performance Allocation represent equity method investments that are not in the scope of the amended revenue recognition guidance. Therefore, effective January 1, 2018, Blackstone amended the recognition and measurement of Performance Allocations. This accounting change will not change the timing or amount of revenue recognized related to Performance Allocation arrangements. These amounts were previously recognized within Realized and Unrealized Performance Fees — Carried Interest and Incentive Fees

in the Consolidated Statements of Operations. Under the equity method of accounting Blackstone recognizes Performance Allocations within Investment Income along with the allocations proportionate to Blackstone's ownership interests in the Blackstone Funds. Blackstone applied a retrospective application consistent with the requirements for presentation of a change in accounting principle.

In January 2016, the FASB issued amended guidance on the classification and measurement of financial instruments. The new guidance was effective for Blackstone beginning on January 1, 2018 and was adopted on a modified retrospective basis. However, changes to the accounting for equity securities without a readily determinable fair value were applied prospectively as permitted under the guidance. Adoption did not have a material impact on Blackstone's consolidated financial statements.

In February 2016, the FASB issued amended guidance on the accounting for leases. The guidance requires the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The guidance retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under previous GAAP. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly from previous GAAP.

For operating leases, a lessee is required to do the following: (a) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the Statement of Financial Condition, (b) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis, and (c) classify all cash payments within operating activities in the statement of cash flows.

The guidance is effective for fiscal periods beginning after December 15, 2018. In July 2018, the FASB issued targeted improvements to the amended guidance, which included a new transition method allowing entities to initially apply the new leases standard at the adoption date (January 1, 2019 for Blackstone) and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Prior to that issuance, adoption was required on a modified retrospective basis. Blackstone expects to elect the new transition alternative upon adoption, and also expects to elect a package of practical expedients made available earlier by the FASB which result in no requirement to reassess (a) whether any expired or existing contracts are or contain leases, (b) the lease classification for any expired or existing leases or (c) the recognition requirements for initial direct costs for any existing leases. Blackstone is finalizing the impact of the amended guidance on the Consolidated Statement of Financial Condition, which is expected to result in recognition of an operating liability equal to the present value of the remaining lease payments on existing leases as of January 1, 2019 and a corresponding right-of-use asset. The amended guidance is not expected to have a material impact on the Consolidated Statements of Operations or the Consolidated Statements of Cash Flows.

In November 2016, the FASB issued amended guidance on classification and presentation of restricted cash on the statement of cash flows. The new guidance was effective for Blackstone beginning on January 1, 2018 and was adopted on a retrospective basis. Under the new guidance, reporting entities are required to explain the changes in the combined total of restricted and unrestricted balances in the statement of cash flows. Therefore, amounts generally described as restricted cash or restricted cash equivalents (hereinafter referred to as "restricted cash") should be combined with unrestricted cash and cash equivalents when reconciling the beginning and end of period balances on the statement of cash flows. Reporting entities are also required to disclose how the statement of cash flows reconciles to the balance sheet in any situation in which the balance sheet includes more than one line item of

cash, cash equivalents, and restricted cash. For the twelve months ended December 31, 2016 the new guidance resulted in a decrease in Net Cash Used in Operating Activities of $452.7 million, a decrease in Net Cash Used in Investing Activities of $7.2 million, and a decrease in Effect of Exchange Rate Changes on Cash and Cash Equivalents, Cash Held by Blackstone Funds, and Restricted Cash of $34.1 million. For the twelve months ended December 31, 2017 the new guidance resulted in a decrease in Net Cash Used in Operating Activities of $822.3 million, an increase in Net Cash Used in Investing Activities of $5.1 million, and an increase in Effect of Exchange Rate Changes on Cash and Cash Equivalents, Cash Held by Blackstone Funds, and Restricted Cash of $103.0 million. Additionally, the new guidance increased the December 31, 2015 End of Period, December 31, 2016 End of Period and December 31, 2017 End of Period balances by $597.9 million, $1.0 billion and $1.9 billion, respectively, in the Consolidated Statement of Cash Flows for the twelve months ended December 31, 2016 and 2017.

In August 2018, the FASB issued amended guidance on the disclosure requirements for fair value measurement. The amended guidance added, eliminated and modified disclosures for investments measured at fair value. The guidance is effective January 1, 2020. However, Blackstone has early adopted the amendments, as is permitted, for the period ended September 30, 2018. The impact of the amended guidance on Blackstone was the removal of the requirements to disclose (a) the amount and reasons for transfers between Level I and Level II investments of the fair value hierarchy, (b) the policy for timing of transfers between levels and (c) the valuation process for Level III fair value measurements. The amended guidance also required modification to Blackstone's disclosure to clarify that information regarding measurement uncertainty is provided as of the relevant reporting date. The requirements to provide additional disclosures did not impact Blackstone as those disclosures had already been provided in prior periods.

3. GOODWILL AND INTANGIBLE ASSETS

On November 30, 2018, Blackstone completed its acquisition of Clarus, a global life sciences investment firm, which resulted in an increase of Goodwill of $91.7 million and an increase in Intangible Assets, primarily comprising of contractual rights to earn future fee income, of $117.7 million. Goodwill arising from the acquisition has been allocated to the Private Equity segment.

The carrying value of Goodwill was $1.9 billion and $1.8 billion as of December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the Partnership determined there was no evidence of Goodwill impairment.

At December 31, 2018, Goodwill has been allocated to each of the Partnership's four segments as follows: Real Estate ($421.7 million), Private Equity ($870.0 million), Hedge Fund Solutions ($172.1 million), and Credit ($406.1 million). At December 31, 2017, Goodwill has been allocated to each of the Partnership's four segments as follows: Real Estate ($421.7 million), Private Equity ($778.3 million), Hedge Fund Solutions ($172.1 million), and Credit ($406.1 million).

Intangible Assets, Net consists of the following:

	December 31,	
	2018	2017
Finite-Lived Intangible Assets / Contractual Rights	$ 1,712,576	$ 1,594,876
Accumulated Amortization	(1,244,069)	(1,185,048)
Intangible Assets, Net	$ 468,507	$ 409,828

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Changes in the Partnership's Intangible Assets, Net consists of the following:

	Year Ended December 31,		
	2018	2017	2016
Balance, Beginning of Year	$409,828	$262,604	$345,547
Amortization Expense	(59,021)	(46,776)	(82,943)
Acquisitions	117,700	194,000	—
Balance, End of Year	$468,507	$409,828	$262,604

Amortization of Intangible Assets held at December 31, 2018 is expected to be $71.0 million, $71.0 million, $71.0 million, $63.3 million and $34.3 million for each of the years ending December 31, 2019, 2020, 2021, 2022, and 2023, respectively. Blackstone's Intangible Assets as of December 31, 2018 are expected to amortize over a weighted-average period of 8.6 years.

4. INVESTMENTS

Investments consist of the following:

	December 31,	
	2018	2017
Investments of Consolidated Blackstone Funds	$ 8,376,338	$ 12,954,121
Equity Method Investments		
Partnership Investments	3,649,423	3,263,131
Accrued Performance Allocations	5,883,924	5,328,280
Corporate Treasury Investments	2,206,493	2,566,043
Other Investments	260,853	322,474
	$ 20,377,031	$ 24,434,049

Blackstone's share of Investments of Consolidated Blackstone Funds totaled $366.5 million and $488.4 million at December 31, 2018 and December 31, 2017, respectively.

Investments of Consolidated Blackstone Funds

The following table presents the Realized and Net Change in Unrealized Gains (Losses) on investments held by the consolidated Blackstone Funds and a reconciliation to Other Income — Net Gains from Fund Investment Activities in the Consolidated Statements of Operations:

	Year Ended December 31,		
	2018	2017	2016
Realized Gains	$ 74,784	$165,106	$123,524
Net Change in Unrealized Losses	(54,697)	(21,016)	(61,045)
Realized and Net Change in Unrealized Gains (Losses) from Consolidated Blackstone Funds	20,087	144,090	62,479
Interest and Dividend Revenue Attributable to Consolidated Blackstone Funds	171,635	177,507	122,271
Other Income — Net Gains from Fund Investment Activities	$191,722	$321,597	$184,750

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Equity Method Investments

Blackstone's equity method investments include Partnership Investments, which represent the pro rata investments, and any associated Accrued Performance Allocations, in private equity funds, real estate funds, funds of hedge funds and credit-focused funds. Partnership Investments also includes the 40% non-controlling interest in Pátria Investments Limited and Pátria Investimentos Ltda. (collectively, "Pátria").

Blackstone evaluates each of its equity method investments, excluding Accrued Performance Allocations, to determine if any were significant as defined by guidance from the United States Securities and Exchange Commission ("SEC"). As of and for the years ended December 31, 2018, 2017 and 2016, no individual equity method investment held by Blackstone met the significance criteria. As such, Blackstone is not required to present separate financial statements for any of its equity method investments.

Partnership Investments

Blackstone recognized net gains related to its Partnership Investments accounted for under the equity method of $430.6 million, $609.5 million and $214.4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The summarized financial information of the Partnership's equity method investments for December 31, 2018 are as follows:

	December 31, 2018 and the Year Then Ended					
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Other (a)	Total
Statement of Financial Condition						
Assets						
Investments	$89,742,226	$79,718,783	$26,336,573	$24,634,380	$ 353	$220,432,315
Other Assets	3,542,235	2,257,152	3,119,639	1,706,579	125,007	10,750,612
Total Assets	$93,284,461	$81,975,935	$29,456,212	$26,340,959	$125,360	$231,182,927
Liabilities and Partners' Capital						
Debt	$15,081,536	$ 9,989,289	$ 350,982	$ 5,087,998	$ —	$ 30,509,805
Other Liabilities	3,568,159	749,043	1,529,466	1,338,712	28,295	7,213,675
Total Liabilities	18,649,695	10,738,332	1,880,448	6,426,710	28,295	37,723,480
Partners' Capital	74,634,766	71,237,603	27,575,764	19,914,249	97,065	193,459,447
Total Liabilities and Partners' Capital	$93,284,461	$81,975,935	$29,456,212	$26,340,959	$125,360	$231,182,927
Statement of Operations						
Interest Income	$ 377,615	$ 1,022,387	$ 6,695	$ 1,130,490	$ —	$ 2,537,187
Other Income	1,244,754	92,696	166,842	417,883	106,525	2,028,700
Interest Expense	(518,137)	(278,348)	(17,780)	(228,734)	—	(1,042,999)
Other Expenses	(921,990)	(903,737)	(150,135)	(547,612)	(65,249)	(2,588,723)
Net Realized and Unrealized Gain (Loss) from Investments	4,437,434	10,172,066	352,018	(733,747)	—	14,227,771
Net Income	$ 4,619,676	$10,105,064	$ 357,640	$ 38,280	$ 41,276	$ 15,161,936

(a) Other represents the summarized financial information of equity method investments whose results, for segment reporting purposes, have been allocated across more than one of Blackstone's segments.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The summarized financial information of the Partnership's equity method investments for December 31, 2017 are as follows:

	December 31, 2017 and the Year Then Ended					
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Other (a)	Total
Statement of Financial Condition						
Assets						
Investments	$67,780,737	$50,339,913	$21,639,763	$22,593,717	$ 363	$162,354,493
Other Assets	3,077,573	2,283,602	1,969,832	1,573,279	154,131	9,058,417
Total Assets	$70,858,310	$52,623,515	$23,609,595	$24,166,996	$154,494	$171,412,910
Liabilities and Partners' Capital						
Debt	$ 6,329,068	$ 6,779,634	$ 53,787	$ 4,896,346	$ —	$ 18,058,835
Other Liabilities	1,618,408	430,763	1,150,307	420,988	39,923	3,660,389
Total Liabilities	7,947,476	7,210,397	1,204,094	5,317,334	39,923	21,719,224
Partners' Capital	62,910,834	45,413,118	22,405,501	18,849,662	114,571	149,693,686
Total Liabilities and Partners' Capital	$70,858,310	$52,623,515	$23,609,595	$24,166,996	$154,494	$171,412,910
Statement of Operations						
Interest Income	$ 485,751	$ 362,788	$ 2,942	$ 928,670	$ —	$ 1,780,151
Other Income	1,334,544	45,770	91,006	178,281	107,204	1,756,805
Interest Expense	(180,258)	(121,876)	(2,086)	(127,153)	—	(431,373)
Other Expenses	(703,165)	(568,369)	(435,974)	(258,157)	(57,830)	(2,023,495)
Net Realized and Unrealized Gain from Investments	12,223,852	7,892,937	1,054,516	584,366	—	21,755,671
Net Income	$13,160,724	$ 7,611,250	$ 710,404	$ 1,306,007	$ 49,374	$ 22,837,759

(a) Other represents the summarized financial information of equity method investments whose results, for segment reporting purposes, have been allocated across more than one of Blackstone's segments.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The summarized financial information of the Partnership's equity method investments for December 31, 2016 are as follows:

	December 31, 2016 and the Year Then Ended					
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Other (a)	Total
Statement of Financial Condition						
Assets						
Investments	$62,370,093	$49,751,021	$21,007,134	$17,804,292	$ 7,354	$150,939,894
Other Assets	4,384,031	2,815,042	2,434,590	1,478,119	173,917	11,285,699
Total Assets	$66,754,124	$52,566,063	$23,441,724	$19,282,411	$181,271	$162,225,593
Liabilities and Partners' Capital						
Debt	$ 4,034,184	$ 3,715,079	$ 73,915	$ 2,495,778	$ —	$ 10,318,956
Other Liabilities	1,591,727	1,254,211	1,837,583	701,986	51,266	5,436,773
Total Liabilities	5,625,911	4,969,290	1,911,498	3,197,764	51,266	15,755,729
Partners' Capital	61,128,213	47,596,773	21,530,226	16,084,647	130,005	146,469,864
Total Liabilities and Partners' Capital	$66,754,124	$52,566,063	$23,441,724	$19,282,411	$181,271	$162,225,593
Statement of Operations						
Interest Income	$ 445,166	$ 353,179	$ 439	$ 849,508	$ —	$ 1,648,292
Other Income	1,499,503	10,620	35,264	32,628	104,669	1,682,684
Interest Expense	(141,097)	(82,370)	(1,410)	(157,921)	—	(382,798)
Other Expenses	(605,538)	(473,790)	(150,964)	(224,345)	(56,407)	(1,511,044)
Net Realized and Unrealized Gain from Investments	5,368,361	4,870,332	226,368	1,186,038	515	11,651,614
Net Income	$ 6,566,395	$ 4,677,971	$ 109,697	$ 1,685,908	$ 48,777	$ 13,088,748

(a) Other represents the summarized financial information of equity method investments whose results, for segment reporting purposes, have been allocated across more than one of Blackstone's segments.

Accrued Performance Allocations

Accrued Performance Allocations to the Partnership in respect of certain Blackstone Funds were as follows:

	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total
Accrued Performance Allocations, December 31, 2017	$2,859,307	$1,916,971	$ 13,802	$ 538,200	$ 5,328,280
Performance Allocations as a Result of Changes in Fund Fair Values	991,133	1,456,671	33,185	(16,058)	2,464,931
Foreign Exchange Loss	(27,051)	—	—	—	(27,051)
Fund Distributions	(970,128)	(731,523)	(24,066)	(156,519)	(1,882,236)
Accrued Performance Allocations, December 31, 2018	$2,853,261	$2,642,119	$ 22,921	$ 365,623	$ 5,883,924

Corporate Treasury Investments

The portion of corporate treasury investments included in Investments represents the Partnership's investments into primarily fixed income securities, mutual fund interests, and other fund interests. These strategies are managed by a combination of Blackstone personnel and third party advisors. The following table presents the Realized and Net Change in Unrealized Gains (Losses) on these investments:

	Year Ended December 31,		
	2018	2017	2016
Realized Gains (Losses)	$ (1,024)	$ 4,378	$ (20,263)
Net Change in Unrealized Gains (Losses)	(38,113)	50,222	19,671
	$ (39,137)	$ 54,600	$ (592)

Other Investments

Other Investments consist primarily of proprietary investment securities held by Blackstone. Other Investments include equity investments without readily determinable fair values which have a carrying value of $49.4 million as of December 31, 2018. The following table presents Blackstone's Realized and Net Change in Unrealized Gains in Other Investments:

	Year Ended December 31,		
	2018	2017	2016
Realized Gains	$ 56,381	$ 4,886	$ 2,495
Net Change in Unrealized Gains	20,335	14,324	11,128
	$ 76,716	$ 19,210	$ 13,623

5. NET ASSET VALUE AS FAIR VALUE

A summary of fair value by strategy type alongside the remaining unfunded commitments and ability to redeem such investments as of December 31, 2018 is presented below:

Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Diversified Instruments	$ 209,496	$ 127	(a)	(a)
Credit Driven	99,483	268	(b)	(b)
Equity	37,308	—	(c)	(c)
Commodities	1,846	—	(d)	(d)
	$ 348,133	$ 395		

(a) Diversified Instruments include investments in funds that invest across multiple strategies. Investments representing 3% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date. The remaining 97% of investments in this category are redeemable as of the reporting date.

(b) The Credit Driven category includes investments in hedge funds that invest primarily in domestic and international bonds. Investments representing 43% of the fair value of the investments in this category may not

be redeemed at, or within three months of, the reporting date. The remaining 57% of investments in this category are redeemable as of the reporting date.

(c) The Equity category includes investments in hedge funds that invest primarily in domestic and international equity securities. Investments representing 100% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date. As of the reporting date, the investee fund manager had elected to side-pocket 8% of Blackstone's investments in the category.

(d) The Commodities category includes investments in commodities-focused funds that primarily invest in futures and physical-based commodity driven strategies. Investments representing 100% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Blackstone and the consolidated Blackstone Funds enter into derivative contracts in the normal course of business to achieve certain risk management objectives and for general investment purposes. Blackstone may enter into derivative contracts in order to hedge its interest rate risk exposure against the effects of interest rate changes. Additionally, Blackstone may also enter into derivative contracts in order to hedge its foreign currency risk exposure against the effects of a portion of its non-U.S. dollar denominated currency net investments. As a result of the use of derivative contracts, Blackstone and the consolidated Blackstone Funds are exposed to the risk that counterparties will fail to fulfill their contractual obligations. To mitigate such counterparty risk, Blackstone and the consolidated Blackstone Funds enter into contracts with certain major financial institutions, all of which have investment grade ratings. Counterparty credit risk is evaluated in determining the fair value of derivative instruments.

Net Investment Hedges

Blackstone uses foreign currency forward contracts to hedge portions of Blackstone's net investments in foreign operations. The gains and losses due to change in fair value attributable to changes in spot exchange rates on foreign currency derivatives designated as net investment hedges were recognized in Other Comprehensive Income (Loss), Net of Tax — Currency Translation Adjustment. For the year ended December 31, 2018 the resulting loss was $1.4 million.

Freestanding Derivatives

Freestanding derivatives are instruments that Blackstone and certain of the consolidated Blackstone Funds have entered into as part of their overall risk management and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include interest rate swaps, foreign exchange contracts, equity swaps, options, futures and other derivative contracts.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The table below summarizes the aggregate notional amount and fair value of the derivative financial instruments. The notional amount represents the absolute value amount of all outstanding derivative contracts.

	December 31, 2018				December 31, 2017			
	Assets		Liabilities		Assets		Liabilities	
	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value
Net Investment Hedges								
Foreign Currency Contracts	$ —	$ —	$ —	$ —	$ —	$ —	$ 50,857	$ 453
Freestanding Derivatives								
Blackstone								
Interest Rate Contracts	798,137	43,632	844,620	39,164	225,550	2,042	1,530,751	27,275
Foreign Currency Contracts	224,841	1,286	245,371	1,636	279,050	2,097	296,252	2,975
Credit Default Swaps	—	—	34,060	4,004	2,073	304	2,073	304
Investments of Consolidated Blackstone Funds								
Foreign Currency Contracts	108,271	524	16,952	164	493,181	24,087	264,693	5,628
Interest Rate Contracts	—	—	10,000	311	—	—	—	—
Credit Default Swaps	20,952	55	46,685	5,710	45,670	3,731	45,582	5,163
Total Return Swaps	—	—	31,440	1,855	25,645	526	—	—
	1,152,201	45,497	1,229,128	52,844	1,071,169	32,787	2,139,351	41,345
	$1,152,201	$45,497	$1,229,128	$52,844	$1,071,169	$32,787	$2,190,208	$41,798

The table below summarizes the impact to the Consolidated Statements of Operations from derivative financial instruments:

	Year Ended December 31,		
	2018	2017	2016
Net Investment Hedges — Foreign Currency Contracts			
Hedge Ineffectiveness	$ (8)	$ (75)	$ (108)
Freestanding Derivatives			
Realized Gains (Losses)			
Interest Rate Contracts	$ 2,968	$ (2,400)	$ (1,600)
Foreign Currency Contracts	10,761	(6,333)	(5,079)
Credit Default Swaps	(539)	(3,764)	(5,141)
Total Return Swaps	145	295	—
Equity Options	(120)	(417)	—
	$13,215	$(12,619)	$(11,820)
Net Change in Unrealized Gains (Losses)			
Interest Rate Contracts	36,472	(24,629)	1,253
Foreign Currency Contracts	(6,682)	(3,556)	25,839
Credit Default Swaps	(521)	4,881	(3,027)
Total Return Swaps	(2,107)	(447)	—
Equity Options	—	129	—
	$27,162	$(23,622)	$ 24,065

As of December 31, 2018, 2017 and 2016, the Partnership had not designated any derivatives as cash flow hedges.

7. FAIR VALUE OPTION

The following table summarizes the financial instruments for which the fair value option has been elected:

	December 31,	
	2018	2017
Assets		
Loans and Receivables	$ 304,173	$ 239,659
Equity and Preferred Securities	390,095	475,485
Debt Securities	529,698	418,061
Assets of Consolidated CLO Vehicles		
Corporate Loans	6,766,700	10,825,759
Corporate Bonds	—	690,125
Other	—	458
	$ 7,990,666	$ 12,649,547
Liabilities		
Liabilities of Consolidated CLO Vehicles		
Senior Secured Notes		
Loans Payable	$ 6,473,233	$ 10,594,656
Due to Affiliates	3,201	996
Subordinated Notes		
Loans Payable	7,478	703,164
Due to Affiliates	52,811	40,390
	$ 6,536,723	$ 11,339,206

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table presents the Realized and Net Change in Unrealized Gains (Losses) on financial instruments on which the fair value option was elected:

	Year Ended December 31,					
	2018		2017		2016	
	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)
Assets						
Loans and Receivables	$ 291	$ (447)	$ (1,214)	$ 6,590	$ (42)	$ 3,375
Equity and Preferred Securities	3,451	(3,589)	4,611	22,326	(476)	16,033
Debt Securities	(1,105)	(29,069)	4,866	(3,390)	(2,404)	426
Assets of Consolidated CLO Vehicles						
Corporate Loans	(8,749)	(285,698)	(3,827)	(6,603)	(6,128)	66,601
Corporate Bonds	(24,056)	9,693	12,442	(36,219)	4,793	18,859
Other	—	6	—	454	264	—
	$(30,168)	$ (309,104)	$16,878	$ (16,842)	$(3,993)	$ 105,294
Liabilities						
Liabilities of Consolidated CLO Vehicles						
Senior Secured Notes	$ —	$ 51,048	$ —	$ —	$ —	$ —
Subordinated Notes	—	254,966	—	81,460	(2,400)	(69,103)
	$ —	$ 306,014	$ —	$ 81,460	$(2,400)	$ (69,103)

The following table presents information for those financial instruments for which the fair value option was elected:

	December 31, 2018			December 31, 2017		
		For Financial Assets Past Due (a)			For Financial Assets Past Due (a)	
	Excess (Deficiency) of Fair Value Over Principal	Fair Value	Excess (Deficiency) of Fair Value Over Principal	Excess (Deficiency) of Fair Value Over Principal	Fair Value	Excess (Deficiency) of Fair Value Over Principal
Loans and Receivables	$ 2,421	$—	$ —	$ 1,207	$ —	$ —
Debt Securities	(26,660)	—	—	(372)	—	—
Assets of Consolidated CLO Vehicles						
Corporate Loans	(301,085)	—	—	(13,495)	57,778	(19,633)
Corporate Bonds	—	—	—	(21,455)	—	—
	$ (325,324)	$—	$ —	$ (34,115)	$57,778	$ (19,633)

(a) Corporate Loans and Corporate Bonds within CLO assets are classified as past due if contractual payments are more than one day past due.

As of December 31, 2018 and 2017, no Loans and Receivables for which the fair value option was elected were past due or in non-accrual status. As of December 31, 2018 and 2017, no Corporate Bonds included within the Assets of Consolidated CLO Vehicles for which the fair value option was elected were past due or in non-accrual status.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

8. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following tables summarize the valuation of the Partnership's financial assets and liabilities by the fair value hierarchy:

	December 31, 2018				
	Level I	Level II	Level III	NAV	Total
Assets					
Cash and Cash Equivalents — Money Market Funds and Short-Term Investments	$ 623,526	$ —	$ —	$ —	$ 623,526
Investments					
Investments of Consolidated Blackstone Funds (a)					
Investment Funds	—	—	—	80,726	80,726
Equity Securities	42,937	34,946	201,566	—	279,449
Partnership and LLC Interests	—	7,170	355,273	—	362,443
Debt Instruments	—	752,622	133,819	—	886,441
Freestanding Derivatives					
Foreign Currency Contracts	—	524	—	—	524
Credit Default Swaps	—	55	—	—	55
Assets of Consolidated CLO Vehicles					
Corporate Loans	—	6,093,342	673,358	—	6,766,700
Total Investments of Consolidated Blackstone Funds	42,937	6,888,659	1,364,016	80,726	8,376,338
Corporate Treasury Investments					
Equity Securities	233,834	—	—	—	233,834
Debt Instruments	243,297	1,444,968	24,568	—	1,712,833
Other	—	—	—	259,826	259,826
Total Corporate Treasury Investments	477,131	1,444,968	24,568	259,826	2,206,493
Other Investments	176,432	—	31,617	7,581	215,630
Total Investments	696,500	8,333,627	1,420,201	348,133	10,798,461
Accounts Receivable — Loans and Receivables	—	—	304,173	—	304,173
Other Assets					
Freestanding Derivatives					
Interest Rate Contracts	1,274	42,358	—	—	43,632
Foreign Currency Contracts	—	1,286	—	—	1,286
Total Other Assets	1,274	43,644	—	—	44,918
	$ 1,321,300	$ 8,377,271	$ 1,724,374	$ 348,133	$ 11,771,078

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 31, 2018			
	Level I	Level II	Level III	Total
Liabilities				
Loans Payable — Liabilities of Consolidated CLO Vehicles (a)				
Senior Secured Notes (b)	$ —	$6,473,233	$ —	$6,473,233
Subordinated Notes (b)	—	7,478	—	7,478
Total Loans Payable	—	6,480,711	—	6,480,711
Due to Affiliates — Liabilities of Consolidated CLO Vehicles (a)				
Senior Secured Notes (b)	—	3,201	—	3,201
Subordinated Notes (b)	—	52,811	—	52,811
Total Due to Affiliates	—	56,012	—	56,012
Securities Sold, Not Yet Purchased	35,959	106,658	—	142,617
Accounts Payable, Accrued Expenses and Other Liabilities				
Liabilities of Consolidated Blackstone Funds —				
Freestanding Derivatives (a)				
Foreign Currency Contracts	—	164	—	164
Credit Default Swaps	—	5,710	—	5,710
Total Return Swaps	—	1,855	—	1,855
Interest Rate Swaps	—	311	—	311
Total Liabilities of Consolidated Blackstone Funds	—	8,040	—	8,040
Freestanding Derivatives				
Interest Rate Contracts	3,080	36,084	—	39,164
Foreign Currency Contracts	—	1,636	—	1,636
Credit Default Swaps	—	4,004	—	4,004
Total Freestanding Derivatives	3,080	41,724	—	44,804
Total Accounts Payable, Accrued Expenses and Other Liabilities	3,080	49,764	—	52,844
	$39,039	$6,693,145	$ —	$6,732,184

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 31, 2017				
	Level I	Level II	Level III	NAV	Total
Assets					
Cash and Cash Equivalents — Money Market Funds	$ 853,680	$ —	$ —	$ —	$ 853,680
Investments					
Investments of Consolidated Blackstone Funds (a)					
Investment Funds	—	—	—	130,339	130,339
Equity Securities	67,443	44,026	131,867	—	243,336
Partnership and LLC Interests	—	2,549	331,448	—	333,997
Debt Instruments	—	643,608	58,155	—	701,763
Freestanding Derivatives					
Foreign Currency Contracts	—	101	—	—	101
Credit Default Swaps	—	3,731	—	—	3,731
Total Return Swaps	—	526	—	—	526
Assets of Consolidated CLO Vehicles					
Corporate Loans	—	10,318,316	507,443	—	10,825,759
Corporate Bonds	—	690,125	—	—	690,125
Freestanding Derivatives — Foreign Currency Contracts	—	23,986	—	—	23,986
Other	—	—	458	—	458
Total Investments of Consolidated Blackstone Funds	67,443	11,726,968	1,029,371	130,339	12,954,121
Corporate Treasury Investments					
Equity Securities	282,866	—	—	—	282,866
Debt Instruments	—	1,943,654	24,249	—	1,967,903
Other	—	—	—	315,274	315,274
Total Corporate Treasury Investments	282,866	1,943,654	24,249	315,274	2,566,043
Other Investments	193,072	14,162	95,393	19,847	322,474
Total Investments	543,381	13,684,784	1,149,013	465,460	15,842,638
Accounts Receivable — Loans and Receivables	—	—	239,659	—	239,659
Other Assets					
Freestanding Derivatives					
Interest Rate Contracts	575	1,467	—	—	2,042
Foreign Currency Contracts	—	2,097	—	—	2,097
Credit Default Swaps	—	304	—	—	304
Total Other Assets	575	3,868	—	—	4,443
	$ 1,397,636	$ 13,688,652	$ 1,388,672	$ 465,460	$ 16,940,420

Table of Contents

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 31, 2017			
	Level I	Level II	Level III	Total
Liabilities				
Loans Payable — Liabilities of Consolidated CLO Vehicles (a)				
Senior Secured Notes (b)	$ —	$10,594,656	$ —	$10,594,656
Subordinated Notes (b)	—	703,164	—	703,164
Total Loans Payable	—	11,297,820	—	11,297,820
Due to Affiliates — Liabilities of Consolidated CLO Vehicles (a)				
Senior Secured Notes (b)	—	996	—	996
Subordinated Notes (b)	—	40,390	—	40,390
Total Due to Affiliates	—	41,386	—	41,386
Securities Sold, Not Yet Purchased	—	154,380	—	154,380
Accounts Payable, Accrued Expenses and Other Liabilities				
Liabilities of Consolidated Blackstone Funds — Freestanding Derivatives (a)				
Foreign Currency Contracts	—	5,628	—	5,628
Credit Default Swaps	—	5,163	—	5,163
Total Liabilities of Consolidated Blackstone Funds	—	10,791	—	10,791
Freestanding Derivatives				
Interest Rate Contracts	415	26,860	—	27,275
Foreign Currency Contracts	—	2,975	—	2,975
Credit Default Swaps	—	304	—	304
Total Freestanding Derivatives	415	30,139	—	30,554
Net Investment Hedges — Foreign Currency Contracts	—	453	—	453
Total Accounts Payable, Accrued Expenses and Other Liabilities	415	41,383	—	41,798
	$ 415	$11,534,969	$ —	$11,535,384

(a) Pursuant to GAAP consolidation guidance, the Partnership is required to consolidate all VIEs in which it has been identified as the primary beneficiary, including certain CLO vehicles, and other funds in which a consolidated entity of the Partnership, such as the general partner of the fund, has a controlling financial interest. While the Partnership is required to consolidate certain funds, including CLO vehicles, for GAAP purposes, the Partnership has no ability to utilize the assets of these funds and there is no recourse to the Partnership for their liabilities since these are client assets and liabilities.

(b) Senior and subordinated notes issued by CLO vehicles are classified based on the more observable fair value of CLO assets less (1) the fair value of any beneficial interests held by Blackstone, and (2) the carrying value of any beneficial interests that represent compensation for services.

Table of Contents

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair value hierarchy as of December 31, 2018:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average (a)
Financial Assets					
Investments of Consolidated Blackstone Funds					
Equity Securities	$ 138,725	Discounted Cash Flows	Discount Rate	7.1% - 26.1%	12.6%
			Revenue CAGR	-0.8% - 32.4%	6.6%
			Book Value Multiple	0.9x - 9.5x	8.3x
			Exit Capitalization Rate	5.0% - 11.4%	8.0%
			Exit Multiple - EBITDA	0.1x - 17.5x	10.3x
			Exit Multiple - NOI	12.8x	N/A
			Exit Multiple - P/E	17.0x	N/A
	21,050	Market Comparable Companies	Book Value Multiple	0.8x - 8.0x	1.3x
			Dollar/Acre Multiple	$7.0 - $44.1	$32.9
	21,492	Other	N/A	N/A	N/A
	20,250	Transaction Price	N/A	N/A	N/A
	49	Third Party Pricing	N/A	N/A	N/A
Partnership and LLC Interests	295,251	Discounted Cash Flows	Discount Rate	4.1% - 26.5%	9.7%
			Revenue CAGR	-1.1% - 48.4%	26.9%
			Book Value Multiple	8.5x - 9.3x	9.2x
			Exit Capitalization Rate	2.9% - 15.0%	6.3%
			Exit Multiple - EBITDA	0.1x - 15.3x	10.0x
			Exit Multiple - NOI	13.3x	N/A
	9,444	Market Comparable Companies	Book Value Multiple	1.1x	N/A
			Dollar/Acre Multiple	$5.3 - $12.0	$7.5
	9,390	Other	N/A	N/A	N/A
	41,188	Transaction Price	N/A	N/A	N/A
Debt Instruments	8,342	Discounted Cash Flows	Discount Rate	7.0% - 19.3%	9.8%
			Revenue CAGR	0.7%	N/A
			Exit Multiple - EBITDA	6.5x	N/A
	120,843	Third Party Pricing	N/A	N/A	N/A
	4,634	Transaction Price	N/A	N/A	N/A
Assets of Consolidated CLO Vehicles	41	Discounted Cash Flows	Discount Rate	5.0%	N/A
	673,317	Third Party Pricing	N/A	N/A	N/A
Total Investments of Consolidated Blackstone Funds	1,364,016				

continued ...

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average (a)
Corporate Treasury Investments	$ 7,947	Discounted Cash Flows	Discount Rate	4.4% - 7.5%	6.6%
			Default Rate	2.0%	N/A
			Pre-payment Rate	20.0%	N/A
			Recovery Lag	12 Months - 21 Months	13 Months
			Recovery Rate	17.5% - 70.0%	67.7%
			Reinvestment Rate	LIBOR + 400 bps	N/A
	16,621	Third Party Pricing	N/A	N/A	N/A
Loans and Receivables	304,173	Discounted Cash Flows	Discount Rate	6.1% - 12.8%	8.7%
Other Investments	26,631	Discounted Cash Flows	Discount Rate	1.0% - 15.0%	2.8%
			Default Rate	2.0%	N/A
			Pre-payment Rate	20.0%	N/A
			Recovery Lag	12 Months	N/A
			Recovery Rate	70.0%	N/A
			Reinvestment Rate	LIBOR + 400 bps	N/A
	4,986	Transaction Price	N/A	N/A	N/A
	$ 1,724,374				

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair value hierarchy as of December 31, 2017:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted-Average (a)
Financial Assets					
Investments of Consolidated Blackstone Funds					
Equity Securities	$ 91,753	Discounted Cash Flows	Discount Rate	7.1% - 31.4%	12.6%
			Revenue CAGR	1.0% - 49.4%	7.1%
			Exit Capitalization Rate	5.0% - 11.4%	8.5%
			Exit Multiple - EBITDA	4.0x - 16.0x	9.9x
			Exit Multiple - NOI	8.8x - 12.5x	10.5x
			Exit Multiple - P/E	9.5x - 17.0x	11.0x
	862	Market Comparable Companies	Book Value Multiple	0.8x - 0.9x	0.9x
			Exit Multiple - EBITDA	8.0x	N/A
	17,536	Other	N/A	N/A	N/A
	21,716	Transaction Price	N/A	N/A	N/A
Partnership and LLC Interests	293,744	Discounted Cash Flows	Discount Rate	4.6% - 26.5%	9.8%
			Revenue CAGR	-22.2% - 71.5%	8.4%
			Exit Capitalization Rate	3.1% - 10.0%	5.7%
			Exit Multiple - EBITDA	0.1x - 15.0x	8.6x
			Exit Multiple - NOI	12.5x	N/A
	530	Market Comparable Companies	Book Value Multiple	1.0x	N/A
	22,346	Other	N/A	N/A	N/A
	758	Third Party Pricing	N/A	N/A	N/A
	14,070	Transaction Price	N/A	N/A	N/A
Debt Instruments	6,122	Discounted Cash Flows	Discount Rate	6.6% - 18.4%	9.6%
			Revenue CAGR	7.7%	N/A
			Exit Capitalization Rate	8.3%	N/A
			Exit Multiple - NOI	12.0x	N/A
	50,136	Third Party Pricing	N/A	N/A	N/A
	1,897	Transaction Price	N/A	N/A	N/A
Assets of Consolidated CLO Vehicles	8,277	Market Comparable Companies	EBITDA Multiple	7.0x	N/A
	499,624	Third Party Pricing	N/A	N/A	N/A
Total Investments of Consolidated Blackstone Funds	1,029,371				

continued ...

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted-Average (a)
Corporate Treasury Investments	$ 8,886	Discounted Cash Flows	Discount Rate	5.1% - 6.3%	5.4%
			Default Rate	2.0%	N/A
			Pre-payment Rate	20%	N/A
			Recovery Lag	12 Months	N/A
			Recovery Rate	30.0% - 70.0%	68.1%
			Reinvestment Rate	LIBOR + 400 bps	N/A
	15,363	Third Party Pricing	N/A	N/A	N/A
Loans and Receivables	239,659	Discounted Cash Flows	Discount Rate	7.1% - 10.3%	8.8%
Other Investments	65,821	Discounted Cash Flows	Discount Rate	0.7% - 13.0%	2.2%
			Default Rate	2.0%	N/A
			Pre-payment Rate	20.0%	N/A
			Recovery Lag	12 Months	N/A
			Recovery Rate	70.0%	N/A
			Reinvestment Rate	LIBOR + 400 bps - LIBOR + 413 bps	LIBOR + 401 bps
	29,572	Transaction Price	N/A	N/A	N/A
	$ 1,388,672				

N/A	Not applicable.
CAGR	Compound annual growth rate.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
Exit Multiple	Ranges include the last twelve months EBITDA, forward EBITDA and price/earnings exit multiples.
NOI	Net operating income.
P/E	Price-earnings ratio.
Third Party Pricing	Third Party Pricing is generally determined on the basis of unadjusted prices between market participants provided by reputable dealers or pricing services.
Transaction Price	Includes recent acquisitions or transactions.
(a)	Unobservable inputs were weighted based on the fair value of the investments included in the range.

The significant unobservable inputs used in the fair value measurement of corporate treasury investments, debt instruments and other investments as of the reporting date are discount rates, default rates, recovery rates, recovery lag, pre-payment rates and reinvestment rates. Increases (decreases) in any of the discount rates, default rates, recovery lag and pre-payment rates in isolation would have resulted in a lower (higher) fair value measurement. Increases (decreases) in any of the recovery rates and reinvestment rates in isolation would have resulted in a higher (lower) fair value measurement. Generally, a change in the assumption used for default rates may be accompanied by a directionally similar change in the assumption used for recovery lag and a directionally opposite change in the assumption used for recovery rates and pre-payment rates.

The significant unobservable inputs used in the fair value measurement of equity securities, partnership and limited liability company ("LLC") interests, debt instruments, assets of consolidated CLO vehicles and loans and receivables are discount rates, exit capitalization rates, exit multiples, EBITDA multiples and revenue compound annual growth rates. Increases (decreases) in any of discount rates and exit capitalization rates in isolation could have resulted in a lower (higher) fair value measurement. Increases (decreases) in any of exit multiples and revenue compound annual growth rates in isolation could have resulted in a higher (lower) fair value measurement.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Since December 31, 2017, there have been no changes in valuation techniques within Level II and Level III that have had a material impact on the valuation of financial instruments.

The following tables summarize the changes in financial assets and liabilities measured at fair value for which the Partnership has used Level III inputs to determine fair value and does not include gains or losses that were reported in Level III in prior years or for instruments that were transferred out of Level III prior to the end of the respective reporting period. Total realized and unrealized gains and losses recorded for Level III investments are reported in either Investment Income (Loss) or Net Gains from Fund Investment Activities in the Consolidated Statements of Operations.

	Level III Financial Assets at Fair Value Year Ended December 31,							
	2018				2017			
	Investments of Consolidated Funds	Loans and Receivables	Other Investments (a)	Total	Investments of Consolidated Funds	Loans and Receivables	Other Investments (a)	Total
Balance, Beginning of Period	$1,029,371	$ 239,659	$ 119,642	$ 1,388,672	$ 685,873	$ 211,359	$ 130,588	$ 1,027,820
Transfer In Due to Consolidation and Acquisition	50,043	—	—	50,043	34,651	—	—	34,651
Transfer Out Due to Deconsolidation	(217,182)	—	—	(217,182)	(38,629)	—	—	(38,629)
Transfer In to Level III (b)	190,497	—	8,484	198,981	59,473	—	27,127	86,600
Transfer Out of Level III (b)	(127,829)	—	(56,534)	(184,363)	(168,986)	—	(22,111)	(191,097)
Purchases	862,844	1,016,838	28,041	1,907,723	869,817	856,042	25,335	1,751,194
Sales	(457,824)	(953,538)	(43,213)	(1,454,575)	(473,178)	(835,426)	(54,039)	(1,362,643)
Settlements	—	(22,285)	(73)	(22,358)	—	(12,584)	(1,573)	(14,157)
Changes in Gains (Losses) Included in Earnings	34,096	23,499	(162)	57,433	60,350	20,268	14,315	94,933
Balance, End of Period	$1,364,016	$ 304,173	$ 56,185	$ 1,724,374	$1,029,371	$ 239,659	$ 119,642	$ 1,388,672
Changes in Unrealized Gains (Losses) Included in Earnings Related to Investments Still Held at the Reporting Date	$ (4,378)	$ —	$ 2,439	$ (1,939)	$ 14,083	$ 21,482	$ (91)	$ 35,474

(a) Represents corporate treasury investments and Other Investments.
(b) Transfers in and out of Level III financial assets and liabilities were due to changes in the observability of inputs used in the valuation of such assets and liabilities.

There were no Level III financial liabilities as of and for the year ended December 31, 2018 and 2017.

9. VARIABLE INTEREST ENTITIES

Pursuant to GAAP consolidation guidance, the Partnership consolidates certain VIEs for which it is determined that the Partnership is the primary beneficiary either directly or indirectly, through a consolidated entity or affiliate. VIEs include certain private equity, real estate, credit-focused or funds of hedge funds entities and CLO vehicles. The purpose

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

of such VIEs is to provide strategy specific investment opportunities for investors in exchange for management and performance based fees. The investment strategies of the Blackstone Funds differ by product; however, the fundamental risks of the Blackstone Funds have similar characteristics, including loss of invested capital and loss of management fees and performance based fees. In Blackstone's role as general partner, collateral manager or investment adviser, it generally considers itself the sponsor of the applicable Blackstone Fund. The Partnership does not provide performance guarantees and has no other financial obligation to provide funding to consolidated VIEs other than its own capital commitments.

The assets of consolidated variable interest entities may only be used to settle obligations of these entities. In addition, there is no recourse to the Partnership for the consolidated VIEs' liabilities including the liabilities of the consolidated CLO vehicles.

During the twelve months ended December 31, 2018, the Partnership's ownership interest in certain CLO and other vehicles originated outside of the U.S. was diluted such that the Partnership determined that it was no longer the primary beneficiary of these VIEs and deconsolidated these vehicles. As of the date of deconsolidation, the Partnership's Total Assets, Total Liabilities and Non-Controlling Interests in Consolidated Entities were reduced by $8.9 billion, $8.7 billion and $196.1 million, respectively. The Partnership will continue to receive management fees and Performance Allocations from these vehicles following the dilution of its ownership interest.

The Partnership holds variable interests in certain VIEs which are not consolidated as it is determined that the Partnership is not the primary beneficiary. The Partnership's involvement with such entities is in the form of direct equity interests and fee arrangements. The maximum exposure to loss represents the loss of assets recognized by Blackstone relating to non-consolidated VIEs, and any clawback obligation relating to previously distributed Performance Allocations. The Partnership's maximum exposure to loss relating to non-consolidated VIEs were as follows:

	December 31,	
	2018	2017
Investments	$ 942,700	$ 805,501
Accounts Receivable	—	15,760
Due from Affiliates	254,744	81,465
Potential Clawback Obligation	159,691	98,331
Maximum Exposure to Loss	$ 1,357,135	$ 1,001,057
Amounts Due to Non-Consolidated VIEs	$ 207	$ 179

10. REPURCHASE AGREEMENTS

At December 31, 2018, the Partnership pledged securities with a carrying value of $279.5 million and cash to collateralize its repurchase agreements. Such securities can be repledged, delivered or otherwise used by the counterparty.

At December 31, 2017, the Partnership pledged securities with a carrying value of $169.7 million and cash to collateralize its repurchase agreements. Such securities can be repledged, delivered or otherwise used by the counterparty.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

The following tables provide information regarding the Partnership's Repurchase Agreements obligation by type of collateral pledged:

	December 31, 2018				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater than 90 days	Total
Repurchase Agreements					
Asset-Backed Securities	$ —	$42,908	$144,731	$ 34,563	$222,202
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 12. "Offsetting of Assets and Liabilities"					$222,202
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 12. "Offsetting of Assets and Liabilities"					$ —

	December 31, 2017				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater than 90 days	Total
Repurchase Agreements					
Asset-Backed Securities	$ —	$22,756	$ 96,084	$ —	$118,840
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 12. "Offsetting of Assets and Liabilities"					$118,840
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 12. "Offsetting of Assets and Liabilities"					$ —

11. OTHER ASSETS AND ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

Other Assets consists of the following:

	December 31,	
	2018	2017
Furniture, Equipment and Leasehold Improvements	$ 360,571	$ 345,875
Less: Accumulated Depreciation	(240,199)	(219,309)
Furniture, Equipment and Leasehold Improvements, Net	120,372	126,566
Prepaid Expenses	110,732	78,723
Freestanding Derivatives	44,918	4,443
Other	18,226	32,965
	$ 294,248	$ 242,697

Depreciation expense of $23.9 million, $25.2 million and $32.0 million related to furniture, equipment and leasehold improvements for the years ended December 31, 2018, 2017 and 2016, respectively, is included in General, Administrative and Other in the Consolidated Statements of Operations.

Accounts Payable, Accrued Expenses and Other Liabilities includes $15.6 million and $27.2 million as of December 31, 2018 and 2017, respectively, relating to redemptions that were legally payable to investors of the consolidated Blackstone Funds and $311.4 million and $1.5 billion, respectively, of payables relating to unsettled purchases.

12. OFFSETTING OF ASSETS AND LIABILITIES

The following tables present the offsetting of assets and liabilities as of December 31, 2018:

	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
		Financial Instruments (a)	Cash Collateral Received	Net Amount
Assets				
Freestanding Derivatives	$ 45,416	$ 37,788	$ 5,547	$2,081

	Gross and Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
		Financial Instruments (a)	Cash Collateral Pledged	Net Amount
Liabilities				
Freestanding Derivatives	$ 52,844	$ 35,905	$ 15,377	$1,562
Repurchase Agreements	222,202	222,202	—	—
	$ 275,046	$ 258,107	$ 15,377	$1,562

(a) Amounts presented are inclusive of both legally enforceable master netting agreements, and financial instruments received or pledged as collateral. Financial instruments received or pledged as collateral offset derivative counterparty risk exposure, but do not reduce net balance sheet exposure.

The following tables present the offsetting of assets and liabilities as of December 31, 2017:

	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
		Financial Instruments	Cash Collateral Received	Net Amount
Assets				
Freestanding Derivatives	$ 8,801	$ 3,279	$ —	$5,522

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Gross and Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
		Financial Instruments	Cash Collateral Pledged	
Liabilities				
Net Investment Hedges	$ 453	$ —	$ —	$ 453
Freestanding Derivatives	36,234	3,279	32,405	550
Repurchase Agreements	118,840	118,840	—	—
	$ 155,527	$ 122,119	$ 32,405	$ 1,003

Repurchase Agreements are presented separately on the Statements of Financial Condition. Freestanding Derivative assets are included in Other Assets in the Statements of Financial Condition. See Note 11. "Other Assets and Accounts Payable, Accrued Expenses and Other Liabilities" for the components of Other Assets.

Freestanding Derivative liabilities are included in Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition and are not a significant component thereof.

Notional Pooling Arrangement

Blackstone has a notional cash pooling arrangement with a financial institution for cash management purposes. This arrangement allows for cash withdrawals based upon aggregate cash balances on deposit at the same financial institution. Cash withdrawals cannot exceed aggregate cash balances on deposit. The net balance of cash on deposit and overdrafts is used as a basis for calculating net interest expense or income. As of December 31, 2018, the aggregate cash balance on deposit relating to the cash pooling arrangement was $1.4 billion, which was offset with an accompanying overdraft of $1.4 billion.

13. BORROWINGS

On September 21, 2018, Blackstone Holdings Finance Co. L.L.C. (the "Issuer"), an indirect subsidiary of the Partnership, entered into an amended and restated $1.6 billion revolving credit facility (the "Credit Facility") with Citibank, N.A., as administrative agent, and the lenders party thereto. The amendment and restatement among other things, increased the amount of available borrowings and extended the maturity date from August 31, 2021 to September 21, 2023.

The Partnership borrows and enters into credit agreements for its general operating and investment purposes and certain Blackstone Funds borrow to meet financing needs of their operating and investing activities. Borrowing facilities have been established for the benefit of selected Blackstone Funds. When a Blackstone Fund borrows from the facility in which it participates, the proceeds from the borrowing are strictly limited for its intended use by the

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

borrowing fund and not available for other Partnership purposes. The Partnership's credit facilities consist of the following:

	December 31,					
	2018			2017		
	Credit Available	Borrowing Outstanding	Weighted Average Interest Rate	Credit Available	Borrowing Outstanding	Weighted Average Interest Rate
Revolving Credit Facility (a)	$ 1,600,000	$ —	0.75%	$ 1,500,000	$ 683	0.88%
Blackstone Issued Senior Notes (b)						
5.875%, Due 3/15/2021	400,000	400,000	5.88%	400,000	400,000	5.88%
4.750%, Due 2/15/2023	400,000	400,000	4.75%	400,000	400,000	4.75%
2.000%, Due 5/19/2025	344,010	344,010	2.00%	360,150	360,150	2.00%
1.000%, Due 10/5/2026	688,020	688,020	1.00%	720,300	720,300	1.00%
3.150%, Due 10/2/2027	300,000	300,000	3.15%	300,000	300,000	3.15%
6.250%, Due 8/15/2042	250,000	250,000	6.25%	250,000	250,000	6.25%
5.000%, Due 6/15/2044	500,000	500,000	5.00%	500,000	500,000	5.00%
4.450%, Due 7/15/2045	350,000	350,000	4.45%	350,000	350,000	4.45%
4.000%, Due 10/2/2047	300,000	300,000	4.00%	300,000	300,000	4.00%
	5,132,030	3,532,030	3.79%	5,080,450	3,581,133	3.76%
Blackstone Fund Facilities (c)	—	—	—	2,803	2,803	2.79%
CLO Vehicles (d)	6,863,285	6,863,285	4.00%	11,583,607	11,583,607	2.32%
	$11,995,315	$10,395,315	3.93%	$16,666,860	$15,167,543	2.54%

(a) The Issuer has a Credit Facility with Citibank, N.A., as Administrative Agent in the amount of $1.6 billion with a maturity date of September 21, 2023. Interest on the borrowings is based on an adjusted LIBOR rate or alternate base rate, in each case plus a margin, and undrawn commitments bear a commitment fee. The Weighted Average Interest Rate presented here represents the margin above adjusted LIBOR. The margin is subject to change based on Blackstone's credit rating. Borrowings may also be made in U.K. sterling, euros, Swiss francs, Japanese yen or Canadian dollars, in each case subject to certain sub-limits. The Credit Facility contains customary representations, covenants and events of default. Financial covenants consist of a maximum net leverage ratio and a requirement to keep a minimum amount of fee-earning assets under management, each tested quarterly. The Borrowing Outstanding at each date represent outstanding but undrawn letters of credit against the credit facility.

(b) The Issuer has issued long term borrowings in the form of senior notes (the "Notes"). The Notes are unsecured and unsubordinated obligations of the Issuer. The Notes are fully and unconditionally guaranteed, jointly and severally, by the Partnership, Blackstone Holdings (the "Guarantors"), and the Issuer. The guarantees are unsecured and unsubordinated obligations of the Guarantors. Transaction costs related to the issuance of the Notes have been deducted from the Note liability and are being amortized over the life of the Notes. The indentures include covenants, including limitations on the Issuer's and the Guarantors' ability to, subject to exceptions, incur indebtedness secured by liens on voting stock or profit participating equity interests of their subsidiaries or merge, consolidate or sell, transfer or lease assets. The indentures also provide for events of default and further provide that the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding Notes may declare the Notes immediately due and payable upon the occurrence and during the continuance of any event of default after expiration of any applicable grace period. In the case of specified events of bankruptcy, insolvency, receivership or reorganization, the principal amount of the Notes and any accrued and unpaid interest on the Notes automatically become due and payable. All or a portion of the Notes may be redeemed at the Issuer's option in whole or in part, at any time and from time to time, prior to their

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

stated maturity, at the make-whole redemption price set forth in the Notes. If a change of control repurchase event occurs, the holders of the Notes may require the Issuer to repurchase the Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase. Interest expense on the Notes was $136.7 million, $200.4 million and $145.6 million for the years ended December 31, 2018, 2017 and 2016, respectively.

(c) Represents borrowing facilities for the various consolidated Blackstone Funds used to meet liquidity and investing needs. Certain borrowings under these facilities were used for bridge financing and general liquidity purposes. Other borrowings were used to finance the purchase of investments with the borrowing remaining in place until the disposition or refinancing event. Such borrowings have varying maturities and are rolled over until the disposition or a refinancing event. Because the timing of such events is unknown and may occur in the near term, these borrowings are considered short-term in nature. Borrowings bear interest at spreads to market rates. Borrowings were secured according to the terms of each facility and are generally secured by the investment purchased with the proceeds of the borrowing and/or the uncalled capital commitment of each respective fund. Certain facilities have commitment fees. When a fund borrows, the proceeds are available only for use by that fund and are not available for the benefit of other funds. Collateral within each fund is also available only against the borrowings by that fund and not against the borrowings of other funds.

(d) Represents borrowings due to the holders of debt securities issued by CLO vehicles consolidated by Blackstone. These amounts are included within Loans Payable and Due to Affiliates within the Consolidated Statements of Financial Condition.

The following table presents the general characteristics of each of our Notes, as well as their carrying value and fair value. The Notes are included in Loans Payable within the Consolidated Statements of Financial Condition. All of the Notes were issued at a discount. All of the Notes accrue interest from the Issue Date and all pay interest in arrears on a semi-annual basis or annual basis as indicated by the Interest Payment Dates.

	December 31,			
	2018		2017	
Senior Notes	Carrying Value	Fair Value (a)	Carrying Value	Fair Value (a)
5.875%, Due 3/15/2021	$ 398,947	$ 421,720	$ 398,514	$ 438,320
4.750%, Due 2/15/2023	395,166	417,600	394,137	434,200
2.000%, Due 5/19/2025	339,959	352,197	355,425	385,433
1.000%, Due 10/5/2026	679,193	647,564	709,871	711,440
3.150%, Due 10/2/2027	296,717	285,030	296,399	295,320
6.250%, Due 8/15/2042	238,221	289,225	238,019	328,200
5.000%, Due 6/15/2044	488,747	490,150	488,536	574,100
4.450%, Due 7/15/2045	344,038	329,770	343,925	372,575
4.000%, Due 10/2/2047	290,163	262,800	289,989	296,940
	$ 3,471,151	$ 3,496,056	$ 3,514,815	$ 3,836,528

(a) Fair value is determined by broker quote and these notes would be classified as Level II within the fair value hierarchy.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Included within Loans Payable and Due to Affiliates within the Consolidated Statements of Financial Condition are amounts due to holders of debt securities issued by Blackstone's consolidated CLO vehicles. Borrowings through the consolidated CLO vehicles consisted of the following:

	December 31,					
	2018			2017		
	Borrowing Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years	Borrowing Outstanding	Weighted Average Interest Rate	Weighted Average Remaining Maturity in Years
Senior Secured Notes	$6,531,550	4.20%	7.5	$10,689,240	2.35%	4.1
Subordinated Notes	331,735	(a)	N/A	894,367	(a)	N/A
	$6,863,285			$11,583,607		

(a) The Subordinated Notes do not have contractual interest rates but instead receive distributions from the excess cash flows of the CLO vehicles.

Senior Secured Notes and Subordinated Notes comprise the following amounts:

	December 31,					
	2018			2017		
		Amounts Due to Non-Consolidated Affiliates			Amounts Due to Non-Consolidated Affiliates	
	Fair Value	Borrowing Outstanding	Fair Value	Fair Value	Borrowing Outstanding	Fair Value
Senior Secured Notes	$ 6,476,434	$ 3,250	$ 3,201	$ 10,595,652	$ 1,000	$ 996
Subordinated Notes	60,289	111,659	52,811	743,554	53,400	40,390
	$ 6,536,723	$ 114,909	$ 56,012	$ 11,339,206	$ 54,400	$ 41,386

The Loans Payable of the consolidated CLO vehicles are collateralized by assets held by each respective CLO vehicle and assets of one vehicle may not be used to satisfy the liabilities of another. This collateral consisted of Cash, Corporate Loans, Corporate Bonds and other securities. As of December 31, 2018 and 2017, the fair value of the consolidated CLO assets was $7.1 billion and $13.4 billion, respectively.

As part of Blackstone's borrowing arrangements, the Partnership is subject to certain financial and operating covenants. The Partnership was in compliance with all of its loan covenants as of December 31, 2018.

Scheduled principal payments for borrowings at December 31, 2018 are as follows:

	Operating Borrowings	Blackstone Fund Facilities / CLO Vehicles	Total Borrowings
2019	$ —	$ —	$ —
2020	—	—	—
2021	400,000	—	400,000
2022	—	—	—
2023	400,000	—	400,000
Thereafter	2,732,030	6,863,285	9,595,315
	$3,532,030	$ 6,863,285	$ 10,395,315

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

14. INCOME TAXES

The Income Before Provision for Taxes consists of the following:

	Year Ended December 31,		
	2018	2017	2016
Income Before Provision for Taxes			
U.S. Domestic Income	$ 3,308,202	$ 3,956,339	$ 2,214,974
Foreign Income	204,739	161,750	166,630
	$ 3,512,941	$ 4,118,089	$ 2,381,604

The Provision for Taxes consists of the following:

	Year Ended December 31,		
	2018	2017	2016
Current			
Federal Income Tax	$ 73,525	$ 31,457	$ 32,383
Foreign Income Tax	42,128	36,083	17,322
State and Local Income Tax	53,961	40,507	32,572
	169,614	108,047	82,277
Deferred			
Federal Income Tax	59,924	613,518	42,042
Foreign Income Tax	(2,518)	(34)	363
State and Local Income Tax	22,370	21,616	7,680
	79,776	635,100	50,085
Provision for Taxes	$249,390	$743,147	$132,362

The following table summarizes Blackstone's tax position:

	Year Ended December 31,		
	2018	2017	2016
Income Before Provision for Taxes	$3,512,941	$4,118,089	$2,381,604
Provision for Taxes	$ 249,390	$ 743,147	$ 132,362
Effective Income Tax Rate	7.1%	18.0%	5.6%

Table of Contents

The following table reconciles the effective income tax rate to the U.S. federal statutory tax rate:

	Year Ended December 31,		
	2018	2017	2016
Statutory U.S. Federal Income Tax Rate	21.0%	35.0%	35.0%
Income Passed Through to Common Unitholders and Non-Controlling Interest Holders (a)	-15.5%	-25.9%	-28.6%
State and Local Income Taxes	1.8%	1.5%	1.3%
Equity-Based Compensation	—	-0.1%	-0.2%
Impact of the Tax Reform Bill	—	8.3%	—
Other	-0.2%	-0.8%	-1.9%
Effective Income Tax Rate	7.1%	18.0%	5.6%

(a) Includes income that is not taxable to the Partnership and its subsidiaries. Such income is directly taxable to the Partnership's unitholders and the non-controlling interest holders.

U.S. federal income tax reform legislation, known as the Tax Cuts and Jobs Act, was signed into law on December 22, 2017 (the "Tax Reform Bill"). In December 2017 the SEC staff issued guidance on accounting for the tax effects of the Tax Reform Bill, which provided that the income tax effects of those aspects of the Tax Reform Bill for which the Partnership's accounting for income taxes was complete must be reflected in that current period. The Tax Reform Bill reduced the corporate federal income tax rate from 35% to 21% effective January 1, 2018. Consequently, the Partnership recorded a decrease related to the net deferred tax assets of $500.6 million with a corresponding net adjustment to deferred income tax expense of $500.6 million for the year ended December 31, 2017. The remeasurement was partially offset by a $160.3 million tax benefit resulting from the $403.9 million reduction to the liability under the Tax Receivable Agreement resulting from the reduction of the federal income tax rate. The net impact to the 2017 effective tax rate was an 8.3% increase. During the quarter ended December 31, 2018 the Partnership completed its accounting for the income tax effects for the Tax Reform Bill, and no significant adjustments were made to the provisional amounts previously recorded.

Further, the Tax Reform Bill includes a one-time deemed repatriation on undistributed foreign earnings and profits (referred to as the transition tax), which was not material to the Partnership.

The Tax Reform Bill also established new tax laws that became effective with the tax year beginning January 1, 2018, including, but not limited to, a new provision designed to tax global intangible low-taxed income, a tax determined by base erosion and anti-tax abuse tax benefits from certain payments between a U.S. corporation and foreign subsidiaries and interest expense limitation. The net effect on the 2018 provision for income taxes for these provisions are immaterial.

Deferred income taxes reflect the net tax effects of temporary differences that may exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

using enacted tax rates in effect for the year in which the differences are expected to reverse. A summary of the tax effects of the temporary differences is as follows:

	December 31,	
	2018	2017
Deferred Tax Assets		
Fund Management Fees	$ 6,955	$ 9,938
Equity-Based Compensation	69,484	54,699
Amortization and Depreciation	768,984	754,924
Net Operating Loss Carry Forward	—	8,885
Total Deferred Tax Assets	845,423	828,446
Deferred Tax Liabilities		
Unrealized Gains from Investments	71,472	65,883
Other	34,469	36,593
Total Deferred Tax Liabilities	105,941	102,476
Net Deferred Tax Assets	$739,482	$725,970

Future realization of tax benefits depends on the expectation of taxable income within a period of time that the tax benefits will reverse. The Partnership has recorded a significant deferred tax asset for the future amortization of tax basis intangibles acquired from the predecessor owners and current owners. The amortization period for these tax basis intangibles is 15 years; accordingly, the related deferred tax assets will reverse over the same period. The Partnership had a taxable loss of $43.2 million and $10.3 million for the years ended December 31, 2015 and 2016, respectively, of which $10.3 million was carried back and utilized against taxable income generated in the tax year ended December 31, 2014. $43.2 million together with the taxable loss of $18.6 million generated for the year ended December 31, 2017 were fully realized in the tax year ended December 31, 2018. The Partnership has no taxable loss carryforward as of December 31, 2018. The Partnership has considered the 15 year amortization period for the tax basis intangibles in evaluating whether it should establish a valuation allowance.

In evaluating its ability to utilize deferred tax assets, the Partnership considers projections of taxable income, beginning with historic results and incorporating assumptions of the amount of future pretax operating income. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that the Partnership uses to manage its business. At this time, the Partnership's projections of future taxable income indicate that it is more likely than not that the benefits from the deferred tax asset will be realized. Therefore, the Partnership has determined that no valuation allowance is needed at December 31, 2018.

Currently, the Partnership does not believe it meets the indefinite reversal criteria that would cause the Partnership to not recognize a deferred tax liability with respect to its foreign subsidiaries. Where applicable, Blackstone will record a deferred tax liability for any outside basis difference of an investment in a foreign subsidiary.

Blackstone files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, Blackstone is subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2018, Blackstone's U.S. federal income tax returns for the years 2015 through 2017 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit from 2014 through 2017. The City of New York is examining certain other subsidiaries' tax returns for the years 2007 through 2014. The Income Tax Department of the Government of India

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

is examining the tax returns of the Indian subsidiaries for the years 2008 and 2009. HM Revenue and Customs in the U.K. is examining certain U.K. subsidiaries' tax returns for 2011. Blackstone believes that during 2019 certain tax examinations have a reasonable possibility of being completed and does not expect the results of these examinations to have a material impact on the consolidated financial statements.

Blackstone's unrecognized tax benefits, excluding related interest and penalties, were:

	December 31,		
	2018	2017	2016
Unrecognized Tax Benefits — January 1	$11,454	$ 3,581	$15,698
Additions based on Tax Positions Related to Current Year	—	—	902
Reductions for Tax Positions of Current Year	—	—	(851)
Additions for Tax Positions of Prior Years	9,671	11,167	—
Reductions for Tax Positions of Prior Years	(323)	(1,860)	(7,837)
Reductions for Tax Positions as a Result of a Lapse of the Applicable Statute of Limitations	—	—	(3,774)
Settlements	—	(1,382)	(357)
Exchange Rate Fluctuations	62	(52)	(200)
Unrecognized Tax Benefits — December 31	$20,864	$11,454	$ 3,581

If the above tax benefits were recognized, $20.9 million and $11.5 million for the years ended December 31, 2018 and 2017, respectively, would reduce the annual effective rate. Blackstone does not believe that it will have a material increase or decrease in its unrecognized tax benefits during the coming year.

The unrecognized tax benefits are recorded in Accounts Payable, Accrued Expense and Other Liabilities in the Consolidated Statements of Financial Condition.

Blackstone recognizes interest and penalties accrued related to unrecognized tax positions in General, Administrative and Other Expenses. During the years ended December 31, 2018, 2017 and 2016, $1.8 million, $(0.4) million and $(4.1) million of interest expense were accrued (reversed), respectively. During the years ended December 31, 2018, 2017 and 2016, no penalties were accrued.

Other Income — Reduction of the Tax Receivable Agreement Liability

In 2017, the $403.9 million Reduction of the Tax Receivable Agreement Liability was primarily attributable to the reduction in the corporate federal tax rate from 35% to 21% pursuant to the Tax Reform Bill.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

15. NET INCOME PER COMMON UNIT

Basic and diluted net income per common unit for the years ended December 31, 2018, 2017 and 2016 was calculated as follows:

	Year Ended December 31,		
	2018	2017	2016
Net Income for Per Common Unit Calculations			
Net Income Attributable to The Blackstone Group L.P., Basic	$ 1,541,788	$ 1,471,374	$ 1,039,014
Incremental Net Income from Assumed Exchange of Blackstone Holdings Partnership Units	1,185,799	—	828,102
Net Income Attributable to The Blackstone Group L.P., Diluted	$ 2,727,587	$ 1,471,374	$ 1,867,116
Units Outstanding			
Weighted-Average Common Units Outstanding, Basic	678,850,245	665,453,198	649,475,264
Weighted-Average Unvested Deferred Restricted Common Units	226,487	793,648	1,445,277
Weighted-Average Blackstone Holdings Partnership Units	527,886,114	—	544,194,049
Weighted-Average Common Units Outstanding, Diluted	1,206,962,846	666,246,846	1,195,114,590
Net Income Per Common Unit, Basic	$ 2.27	$ 2.21	$ 1.60
Net Income Per Common Unit, Diluted	$ 2.26	$ 2.21	$ 1.56
Distributions Declared Per Common Unit (a)	$ 2.42	$ 2.32	$ 1.66

(a) Distributions declared reflects the calendar date of the declaration for each distribution. The fourth quarter distribution, if any, for any fiscal year will be declared and paid in the subsequent fiscal year.

In computing the dilutive effect that the exchange of Blackstone Holdings Partnership Units would have on net income per common unit, the Partnership considered that net income available to holders of common units would increase due to the elimination of non-controlling interests in Blackstone Holdings, inclusive of any tax impact. Because the hypothetical conversion may result in a different tax rate, the Blackstone Holdings Partnership Units are considered anti-dilutive in certain periods and dilutive in other periods.

The following table summarizes the anti-dilutive securities for the periods indicated:

	Year Ended December 31,		
	2018	2017	2016
Weighted-Average Blackstone Holdings Partnership Units	—	533,982,613	—

Unit Repurchase Program

On April 16, 2018, the Board of Directors of our general partner, Blackstone Group Management L.L.C., authorized the repurchase of up to $1.0 billion of Blackstone common units and Blackstone Holdings Partnership

Units. Under the unit repurchase program, units may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of units repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The unit repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the years ended December 31, 2017 and 2016, no units were repurchased. During the year ended December 31, 2018, Blackstone repurchased 16.0 million Blackstone common units at a total cost of $541.5 million. As of December 31, 2018, the amount remaining available for repurchases under this program was $458.5 million.

16. EQUITY-BASED COMPENSATION

The Partnership has granted equity-based compensation awards to Blackstone's senior managing directors, non-partner professionals, non-professionals and selected external advisers under the Partnership's 2007 Equity Incentive Plan (the "Equity Plan"). The Equity Plan allows for the granting of options, unit appreciation rights or other unit-based awards (units, restricted units, restricted common units, deferred restricted common units, phantom restricted common units or other unit-based awards based in whole or in part on the fair value of the Blackstone common units or Blackstone Holdings Partnership Units) which may contain certain service or performance requirements. As of January 1, 2018, the Partnership had the ability to grant 172,155,134 units under the Equity Plan.

For the years ended December 31, 2018, 2017 and 2016 the Partnership recorded compensation expense of $366.9 million, $338.7 million, and $323.7 million, respectively, in relation to its equity-based awards with corresponding tax benefits of $59.0 million, $47.1 million, and $33.8 million, respectively.

As of December 31, 2018, there was $846.5 million of estimated unrecognized compensation expense related to unvested awards. This cost is expected to be recognized over a weighted-average period of 3.8 years.

Total vested and unvested outstanding units, including Blackstone common units, Blackstone Holdings Partnership Units and deferred restricted common units, were 1,196,679,968 as of December 31, 2018. Total outstanding unvested phantom units were 49,155 as of December 31, 2018.

A summary of the status of the Partnership's unvested equity-based awards as of December 31, 2018 and of changes during the period January 1, 2018 through December 31, 2018 is presented below:

	Blackstone Holdings		The Blackstone Group L.P.			
			Equity Settled Awards		Cash Settled Awards	
Unvested Units	Partnership Units	Weighted-Average Grant Date Fair Value	Deferred Restricted Common Units	Weighted-Average Grant Date Fair Value	Phantom Units	Weighted-Average Grant Date Fair Value
Balance, December 31, 2017	30,023,189	$ 35.26	9,019,974	$ 30.03	44,196	$ 31.85
Granted	13,011,587	32.80	5,234,541	32.61	9,408	36.87
Vested	(9,350,183)	34.35	(4,538,236)	30.02	(6,796)	35.98
Forfeited	(2,130,466)	37.15	(404,011)	30.85	—	—
Balance, December 31, 2018	31,554,127	$ 34.38	9,312,268	$ 31.43	46,808	$ 34.66

Units Expected to Vest

The following unvested units, after expected forfeitures, as of December 31, 2018, are expected to vest:

	Units	Weighted-Average Service Period in Years
Blackstone Holdings Partnership Units	27,284,548	3.5
Deferred Restricted Blackstone Common Units	8,034,354	2.2
Total Equity-Based Awards	35,318,902	3.2
Phantom Units	38,474	2.5

Deferred Restricted Common Units and Phantom Units

The Partnership has granted deferred restricted common units to certain senior and non-senior managing director professionals, analysts and senior finance and administrative personnel and selected external advisers and phantom units (cash settled equity-based awards) to other senior and non-senior managing director employees. Holders of deferred restricted common units and phantom units are not entitled to any voting rights. Only phantom units are to be settled in cash.

The fair values of deferred restricted common units have been derived based on the closing price of Blackstone's common units on the date of the grant, multiplied by the number of unvested awards and expensed over the assumed service period, which ranges from 1 to 5 years. Additionally, the calculation of the compensation expense assumes forfeiture rates based upon historical turnover rates, ranging from 1.0% to 12.5% annually by employee class, and a per unit discount, ranging from $0.50 to $10.88.

The phantom units vest over the assumed service period, which ranges from 1 to 5 years. On each such vesting date, Blackstone delivered or will deliver cash to the holder in an amount equal to the number of phantom units held multiplied by the then fair market value of the Blackstone common units on such date. Additionally, the calculation of the compensation expense assumes a forfeiture rate based upon a historical turnover rate of 9.2% annually by employee class. Blackstone is accounting for these cash settled awards as a liability.

Blackstone paid $0.2 million, $0.3 million and $0.2 million to non-senior managing director employees in settlement of phantom units for the years ended December 31, 2018, 2017 and 2016, respectively.

Blackstone Holdings Partnership Units

The Partnership has granted deferred restricted Blackstone Holdings Partners Units to certain newly hired and pre-existing senior managing directors. Holders of deferred restricted Blackstone Holdings Partnership Units are not entitled to any voting rights.

The fair values of deferred restricted Blackstone Holdings Partnership Units have been derived based on the closing price of Blackstone's common units on the date of the grant, multiplied by the number of unvested awards and expensed over the assumed service period, which ranges from 1 to 7 years. Additionally, the calculation of the compensation expense assumes forfeiture rates ranging from 6.6% to 9.2%, based on historical experience.

17. RELATED PARTY TRANSACTIONS

Affiliate Receivables and Payables

Due from Affiliates and Due to Affiliates consisted of the following:

	December 31, 2018	December 31, 2017
Due from Affiliates		
Management Fees, Performance Revenues, Reimbursable Expenses and other receivables from Non-Consolidated Entities and Portfolio Companies	$ 1,520,100	$ 1,616,148
Due From Certain Non-Controlling Interest Holders and Blackstone Employees	462,475	410,877
Accrual for Potential Clawback of Previously Distributed Performance Allocations	11,548	1,112
	$ 1,994,123	$ 2,028,137

	December 31, 2018	December 31, 2017
Due to Affiliates		
Due to Certain Non-Controlling Interest Holders in Connection with the Tax Receivable Agreements	$ 796,902	$ 715,734
Due to Non-Consolidated Entities	99,728	90,038
Due to Note-Holders of Consolidated CLO Vehicles	56,012	41,386
Due to Certain Non-Controlling Interest Holders and Blackstone Employees	53,613	87,829
Accrual for Potential Repayment of Previously Received Performance Allocations	29,521	2,171
	$ 1,035,776	$ 937,158

Interests of the Founder, Senior Managing Directors, Employees and Other Related Parties

The Founder, senior managing directors, employees and certain other related parties invest on a discretionary basis in the consolidated Blackstone Funds both directly and through consolidated entities. These investments generally are subject to preferential management fee and performance allocation or incentive fee arrangements. As of December 31, 2018 and 2017, such investments aggregated $842.9 million and $813.2 million, respectively. Their share of the Net Income Attributable to Redeemable Non-Controlling and Non-Controlling Interests in Consolidated Entities aggregated $63.6 million, $113.9 million and $79.7 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Loans to Affiliates

Loans to affiliates consist of interest bearing advances to certain Blackstone individuals to finance their investments in certain Blackstone Funds. These loans earn interest at Blackstone's cost of borrowing and such interest totaled $5.4 million, $3.4 million and $1.4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Contingent Repayment Guarantee

Blackstone and its personnel who have received Performance Allocation distributions have guaranteed payment on a several basis (subject to a cap) to the carry funds of any clawback obligation with respect to the excess Performance Allocation allocated to the general partners of such funds and indirectly received thereby to the extent that either Blackstone or its personnel fails to fulfill its clawback obligation, if any. The Accrual for Potential Repayment of Previously Received Performance Allocations represents amounts previously paid to Blackstone Holdings and non-controlling interest holders that would need to be repaid to the Blackstone Funds if the carry funds were to be liquidated based on the fair value of their underlying investments as of December 31, 2018. See Note 18. "Commitments and Contingencies — Contingencies — Contingent Obligations (Clawback)".

Aircraft and Other Services

In the normal course of business, Blackstone personnel make use of aircraft owned as personal assets by Stephen A. Schwarzman; an aircraft owned jointly as a personal asset by Hamilton E. James, Blackstone's Executive Vice Chairman and a Director of Blackstone, and another senior managing director; an aircraft owned as a personal asset by Jonathan D. Gray, Blackstone's President and Chief Operating Officer and a Director of Blackstone; and an aircraft owned jointly as a personal asset by Bennett J. Goodman, Co-Founder of GSO Capital and a Director of Blackstone, and a former senior managing director (each such aircraft, "Personal Aircraft"). Mr. Schwarzman paid for his purchases of his Personal Aircraft himself. Mr. James paid for his interest in his jointly owned Personal Aircraft. Mr. Goodman paid for his interest in his jointly owned Personal Aircraft. Mr. Gray paid for his purchase of his Personal Aircraft himself. Mr. Schwarzman, Mr. James, Mr. Goodman and Mr. Gray respectively bear operating, personnel and maintenance costs associated with the operation of such Personal Aircraft. Payment by Blackstone for the use of the Personal Aircraft by Blackstone employees is made based on market rates.

In addition, on occasion, certain of Blackstone's executive officers and employee directors and their families may make personal use of aircraft in which Blackstone owns a fractional interest, as well as other assets of Blackstone. Any such personal use of Blackstone assets is charged to the executive officer or employee director based on market rates and usage. Personal use of Blackstone resources is also reimbursed to Blackstone based on market rates.

The transactions described herein are not material to the Consolidated Financial Statements.

Tax Receivable Agreements

Blackstone used a portion of the proceeds from the IPO and the sale of non-voting common units to Beijing Wonderful Investments to purchase interests in the predecessor businesses from the predecessor owners. In addition, holders of Blackstone Holdings Partnership Units may exchange their Blackstone Holdings Partnership Units for Blackstone common units on a one-for-one basis. The purchase and subsequent exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of Blackstone Holdings and therefore reduce the amount of tax that Blackstone's wholly owned subsidiaries would otherwise be required to pay in the future.

One of the subsidiaries of the Partnership which is a corporate taxpayer has entered into tax receivable agreements with each of the predecessor owners and additional tax receivable agreements have been executed, and will continue to be executed, with newly-admitted senior managing directors and others who acquire Blackstone Holdings Partnership Units. The agreements provide for the payment by the corporate taxpayer to such owners of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the corporate taxpayers

actually realize as a result of the aforementioned increases in tax basis and of certain other tax benefits related to entering into these tax receivable agreements. For purposes of the tax receivable agreements, cash savings in income tax will be computed by comparing the actual income tax liability of the corporate taxpayers to the amount of such taxes that the corporate taxpayers would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of Blackstone Holdings as a result of the exchanges and had the corporate taxpayers not entered into the tax receivable agreements.

As a result of the Tax Reform Bill, there was a reduction of $403.9 million of the tax receivable agreement liability due to the pre-IPO owners and others mentioned above. Assuming no future material changes in the relevant tax law and that the corporate taxpayers earn sufficient taxable income to realize the full tax benefit of the increased amortization of the assets, the expected future payments under the tax receivable agreements (which are taxable to the recipients) will aggregate $796.9 million over the next 15 years. The after-tax net present value of these estimated payments totals $309.2 million assuming a 15% discount rate and using Blackstone's most recent projections relating to the estimated timing of the benefit to be received. Future payments under the tax receivable agreements in respect of subsequent exchanges would be in addition to these amounts. The payments under the tax receivable agreements are not conditioned upon continued ownership of Blackstone equity interests by the pre-IPO owners and the others mentioned above. Subsequent to December 31, 2018, payments totaling $87.3 million were made to certain pre-IPO owners and others mentioned above in accordance with the tax receivable agreement and related to tax benefits the Partnership received for the 2016 and 2017 taxable years.

Amounts related to the deferred tax asset resulting from the increase in tax basis from the exchange of Blackstone Holdings Partnership Units to Blackstone common units, the resulting remeasurement of net deferred tax assets at the Blackstone ownership percentage at the balance sheet date, the due to affiliates for the future payments resulting from the tax receivable agreements and resulting adjustment to partners' capital are included as Acquisition of Ownership Interests from Non-Controlling Interest Holders in the Supplemental Disclosure of Non-Cash Investing and Financing Activities in the Consolidated Statements of Cash Flows.

Other

Blackstone does business with and on behalf of some of its Portfolio Companies; all such arrangements are on a negotiated basis.

Additionally, please see Note 18. "Commitments and Contingencies — Contingencies — Guarantees" for information regarding guarantees provided to a lending institution for certain loans held by employees.

18. COMMITMENTS AND CONTINGENCIES

Commitments

Operating Leases

The Partnership enters into non-cancelable lease and sublease agreements primarily for office space, which expire on various dates through 2030. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord, and are recognized on a straight-line basis over the term of the lease agreement. Rent expense includes base contractual rent and variable costs such as building expenses, utilities, taxes and insurance. Rent expense for the years ended December 31, 2018, 2017 and 2016, was $109.9 million, $104.7 million and $97.2 million, respectively. At December 31, 2018 and 2017, the Partnership maintained irrevocable standby letters of credit and cash deposits as security for the leases of $7.9 million and

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

$8.9 million, respectively. As of December 31, 2018, the aggregate minimum future payments, net of sublease income, required on the operating leases are as follows:

2019	$ 78,506
2020	72,191
2021	80,914
2022	79,094
2023	77,248
Thereafter	273,347
Total	$661,300

Investment Commitments

Blackstone had $2.6 billion of investment commitments as of December 31, 2018 representing general partner capital funding commitments to the Blackstone Funds, limited partner capital funding to other funds and Blackstone principal investment commitments. The consolidated Blackstone Funds had signed investment commitments of $94.5 million as of December 31, 2018 which includes $24.9 million of signed investment commitments for portfolio company acquisitions in the process of closing.

Regulated Entities

Certain U.S. and non-U.S. entities are subject to various investment adviser and other financial regulatory rules and requirements that may include minimum net capital requirements. These entities have continuously operated in excess of these requirements. This includes a number of U.S. entities that are registered as investment advisers with the SEC.

These regulatory capital requirements may restrict the Partnership's ability to withdraw capital from its entities. At December 31, 2018, $39.4 million of net assets of consolidated entities may be restricted as to the payment of cash dividends and advances to the Partnership.

Contingencies

Guarantees

Certain of Blackstone's consolidated real estate funds guarantee payments to third parties in connection with the on-going business activities and/or acquisitions of their Portfolio Companies. There is no direct recourse to the Partnership to fulfill such obligations. To the extent that underlying funds are required to fulfill guarantee obligations, the Partnership's invested capital in such funds is at risk. Total investments at risk in respect of guarantees extended by consolidated real estate funds was $31.3 million as of December 31, 2018.

The Blackstone Holdings Partnerships provided guarantees to a lending institution for certain loans held by employees either for investment in Blackstone Funds or for members' capital contributions to Blackstone Group International Partners LLP. The amount guaranteed as of December 31, 2018 was $198.3 million.

Litigation

Blackstone may from time to time be involved in litigation and claims incidental to the conduct of its business. Blackstone's businesses are also subject to extensive regulation, which may result in regulatory proceedings against the Partnership.

Blackstone accrues a liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. Although there can be no assurance of the outcome of such legal actions, based on information known by

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

management, Blackstone does not have a potential liability related to any current legal proceeding or claim that would individually or in the aggregate materially affect its results of operations, financial position or cash flows.

In December 2017, a purported derivative suit (*Mayberry v. KKR & Co., L.P., et al.*) was filed in the Commonwealth of Kentucky Franklin County Circuit Court on behalf of the Kentucky Retirement System ("KRS") by eight of its members and beneficiaries alleging various breaches of fiduciary duty and other violations of Kentucky state law in connection with KRS's investment in three hedge funds of funds, including a fund managed by Blackstone Alternative Asset Management L.P. ("BAAM L.P."). The suit names more than 30 defendants, including The Blackstone Group L.P.; BAAM L.P.; Stephen A. Schwarzman, as Chairman and CEO of Blackstone; and J. Tomilson Hill, as then-President and CEO of the Hedge Fund Solutions Group, Vice Chairman of Blackstone and CEO of BAAM (collectively, the "Blackstone Defendants"). Aside from the Blackstone Defendants, the action also names current and former KRS trustees and former KRS officers and various other service providers to KRS and their related persons.

The plaintiffs filed an amended complaint in January 2018. In November 2018, the Circuit Court granted one defendant's motion to dismiss and denied all other defendants' motions to dismiss, including those of the Blackstone Defendants. In January 2019, certain of the KRS trustee and officer defendants noticed appeals from the denial of the motions to dismiss to the Kentucky Court of Appeals, and also filed a motion to stay the Mayberry proceedings in Circuit Court pending the outcome of those appeals. In addition, several defendants, including Blackstone and BAAM L.P., filed petitions in the Kentucky Court of Appeals for a writ of prohibition against the ongoing Mayberry proceedings on the ground that the plaintiffs lack standing.

Blackstone believes that this suit is totally without merit and intends to defend it vigorously.

Contingent Obligations (Clawback)

Performance Allocations are subject to clawback to the extent that the Performance Allocations received to date with respect to a fund exceeds the amount due to Blackstone based on cumulative results of that fund. The actual clawback liability, however, generally does not become realized until the end of a fund's life except for certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may have an interim clawback liability. The lives of the carry funds, including available contemplated extensions, for which a liability for potential clawback obligations has been recorded for financial reporting purposes, are currently anticipated to expire at various points through 2028. Further extensions of such terms may be implemented under given circumstances.

For financial reporting purposes, when applicable, the general partners record a liability for potential clawback obligations to the limited partners of some of the carry funds due to changes in the unrealized value of a fund's remaining investments and where the fund's general partner has previously received Performance Allocation distributions with respect to such fund's realized investments.

The following table presents the clawback obligations by segment:

	December 31,					
	2018			2017		
Segment	Blackstone Holdings	Current and Former Personnel (a)	Total	Blackstone Holdings	Current and Former Personnel	Total
Real Estate	$ 15,770	$ 10,053	$25,823	$ —	$ —	$ —
Private Equity	13,296	(12,448)	848	—	—	—
Credit	1,355	1,495	2,850	1,059	1,112	2,171
	$ 30,421	$ (900)	$29,521	$ 1,059	$ 1,112	$2,171

(a) The split of clawback between Blackstone Holdings and Current and Former Personnel is based on the performance of individual investments held by a fund rather than on a fund by fund basis.

For Private Equity, Real Estate, and certain Credit Funds, a portion of the Performance Allocations paid to current and former Blackstone personnel is held in segregated accounts in the event of a cash clawback obligation. These segregated accounts are not included in the Consolidated Financial Statements of the Partnership, except to the extent a portion of the assets held in the segregated accounts may be allocated to a consolidated Blackstone fund of hedge funds. At December 31, 2018, $675.3 million was held in segregated accounts for the purpose of meeting any clawback obligations of current and former personnel if such payments are required.

In the Credit segment, payment of Performance Allocations to the Partnership by the majority of the stressed/distressed, mezzanine and credit alpha strategies funds are substantially deferred under the terms of the partnership agreements. This deferral mitigates the need to hold funds in segregated accounts in the event of a cash clawback obligation.

If, at December 31, 2018, all of the investments held by our carry funds were deemed worthless, a possibility that management views as remote, the amount of Performance Allocations subject to potential clawback would be $7.0 billion, on an after tax basis where applicable, of which Blackstone Holdings is potentially liable for $6.4 billion if current and former Blackstone personnel default on their share of the liability, a possibility that management also views as remote.

19. SEGMENT REPORTING

Blackstone transacts its primary business in the United States and substantially all of its revenues are generated domestically.

Blackstone conducts its alternative asset management businesses through four segments:

- Real Estate — Blackstone's Real Estate segment primarily comprises its management of global, Europe and Asia-focused opportunistic real estate funds, high yield real estate debt funds, liquid real estate debt funds, core+ real estate funds, a NYSE-listed REIT and a non-exchange traded REIT.
- Private Equity — Blackstone's Private Equity segment primarily comprises its management of flagship corporate private equity funds, sector and geographically-focused corporate private equity funds, including energy and Asia-focused funds, a core private equity fund, an opportunistic investment platform, a secondary fund of funds business, infrastructure-focused funds, a life sciences private investment platform, a multi-asset investment program for eligible high net worth investors and a capital markets services business.
- Hedge Fund Solutions — The largest component of Blackstone's Hedge Fund Solutions segment is Blackstone Alternative Asset Management, which manages a broad range of commingled and customized hedge fund of fund solutions. The segment also includes investment platforms that seed new hedge fund businesses, purchase minority ownership interests in more established hedge funds, invest in special situation opportunities, create alternative solutions in the form of mutual funds and UCITS and trade directly.
- Credit — Blackstone's Credit segment consists principally of GSO Capital Partners LP, which is organized into performing credit strategies (which include mezzanine lending funds, middle market direct lending funds and other performing credit strategy funds), distressed strategies (which include credit alpha strategies, stressed/distressed funds and energy strategies) and long only strategies (which consist of CLOs, closed end funds, open end funds and separately managed accounts). In addition, the segment includes a publicly traded master limited partnership investment platform, Harvest, and our insurer-focused platform, Blackstone Insurance Solutions.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

These business segments are differentiated by their various investment strategies. The Real Estate, Private Equity, Hedge Fund Solutions and Credit segments primarily earn their income from management fees and investment returns on assets under management.

Effective as of and for the three months ended December 31, 2018, Blackstone senior management determined that Segment Distributable Earnings, and not Economic Income, is the measure that it uses to assess the performance of its business segments. Segment Distributable Earnings is used by management to make operating decisions, allocate resources and determine the compensation of employees across all of its business segments. All prior periods have been recast to reflect these updates.

Segment Distributable Earnings is Blackstone's segment profitability measure used to make operating decisions and assess performance across Blackstone's four segments. 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. 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.

For segment reporting purposes, Distributable Earnings is presented along with its major components, Fee Related Earnings and Net Realizations. Fee Related Earnings is 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. Net Realizations is the sum of Realized Principal Investment Income and Realized Performance Revenues less Realized Performance Compensation. Performance Allocations and Incentive Fees are presented together and referred to collectively as Performance Revenues or Performance Compensation.

Segment Presentation

The following tables present the financial data for Blackstone's four segments as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016.

	December 31, 2018 and the Twelve Months Then Ended				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	$ 985,399	$ 785,223	$ 519,782	$ 553,921	$ 2,844,325
Transaction, Advisory and Other Fees, Net	152,513	58,165	3,180	15,640	229,498
Management Fee Offsets	(11,442)	(13,504)	(93)	(12,332)	(37,371)
Total Management and Advisory Fees, Net	1,126,470	829,884	522,869	557,229	3,036,452
Fee Related Performance Revenues	124,502	—	—	(666)	123,836
Fee Related Compensation	(459,430)	(375,446)	(162,172)	(219,098)	(1,216,146)
Other Operating Expenses	(146,260)	(133,096)	(77,772)	(131,200)	(488,328)
Fee Related Earnings	645,282	321,342	282,925	206,265	1,455,814
Realized Performance Revenues	914,984	757,406	42,419	96,962	1,811,771
Realized Performance Compensation	(284,319)	(318,167)	(21,792)	(53,863)	(678,141)
Realized Principal Investment Income	92,525	109,731	17,039	16,763	236,058
Total Net Realizations	723,190	548,970	37,666	59,862	1,369,688
Total Segment Distributable Earnings	$1,368,472	$ 870,312	$ 320,591	$ 266,127	$ 2,825,502
Segment Assets	$7,521,117	$7,548,544	$1,976,809	$3,592,356	$20,638,826

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	December 31, 2017 and the Twelve Months Then Ended				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	$ 872,191	$ 724,818	$ 516,048	$ 567,334	$ 2,680,391
Transaction, Advisory and Other Fees, Net	82,781	57,624	2,980	13,431	156,816
Management Fee Offsets	(15,934)	(18,007)	(93)	(32,382)	(66,416)
Total Management and Advisory Fees, Net	939,038	764,435	518,935	548,383	2,770,791
Fee Related Performance Revenues	79,500	—	—	89,945	169,445
Fee Related Compensation	(437,311)	(347,562)	(146,924)	(253,842)	(1,185,639)
Other Operating Expenses	(136,042)	(120,997)	(68,265)	(99,562)	(424,866)
Fee Related Earnings	445,185	295,876	303,746	284,924	1,329,731
Realized Performance Revenues	2,141,374	1,157,188	154,343	194,902	3,647,807
Realized Performance Compensation	(751,526)	(404,544)	(40,707)	(100,834)	(1,297,611)
Realized Principal Investment Income	255,903	154,837	9,074	16,380	436,194
Total Net Realizations	1,645,751	907,481	122,710	110,448	2,786,390
Total Segment Distributable Earnings	$2,090,936	$1,203,357	$ 426,456	$ 395,372	$ 4,116,121
Segment Assets	$7,585,002	$6,369,491	$2,107,441	$3,926,286	$19,988,220

	Twelve Months Ended December 31, 2016				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	$ 795,161	$ 555,593	$ 521,736	$ 525,289	$ 2,397,779
Transaction, Advisory and Other Fees, Net	95,324	39,283	1,061	9,190	144,858
Management Fee Offsets	(7,322)	(34,810)	—	(37,512)	(79,644)
Total Management and Advisory Fees, Net	883,163	560,066	522,797	496,967	2,462,993
Fee Related Performance Revenues	18,178	—	—	83,252	101,430
Fee Related Compensation	(379,331)	(298,149)	(153,645)	(223,313)	(1,054,438)
Other Operating Expenses	(137,581)	(130,685)	(75,870)	(87,700)	(431,836)
Fee Related Earnings	384,429	131,232	293,282	269,206	1,078,149
Realized Performance Revenues	1,214,931	245,268	42,177	43,210	1,545,586
Realized Performance Compensation	(335,147)	(110,882)	(15,029)	(22,199)	(483,257)
Realized Principal Investment Income (Loss)	122,712	73,377	(7,224)	11,004	199,869
Total Net Realizations	1,002,496	207,763	19,924	32,015	1,262,198
Total Segment Distributable Earnings	$1,386,925	$ 338,995	$ 313,206	$ 301,221	$ 2,340,347

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Reconciliations of Total Segment Amounts

The following tables reconcile the Total Segment Revenues, Expenses and Distributable Earnings to their equivalent GAAP measure for the years ended December 31, 2018, 2017 and 2016 along with Total Assets as of December 31, 2018 and 2017:

	Year Ended December 31,		
	2018	2017	2016
Revenues			
Total GAAP Revenues	$6,833,259	$7,145,015	$5,146,299
Less: Unrealized Performance Allocations (a)	(561,163)	105,432	(530,120)
Less: Unrealized Principal Investment (Income) Loss (b)	65,851	131,206	(20,421)
Less: Interest and Dividend Revenue (c)	(181,763)	(142,920)	(96,399)
Less: Other Revenue (d)	(89,468)	140,051	(54,712)
Impact of Consolidation (e)	(277,406)	(322,729)	(117,965)
Amortization of Intangibles (f)	1,548	1,548	1,548
Transaction-Related Charges (g)	(588,710)	(40,153)	(20,635)
Intersegment Eliminations	5,969	6,787	2,283
Total Segment Revenue (h)	$5,208,117	$7,024,237	$4,309,878

	Year Ended December 31,		
	2018	2017	2016
Expenses			
Total GAAP Expenses	$3,512,040	$3,752,378	$2,949,445
Less: Unrealized Performance Allocations Compensation (i)	(319,742)	(103,794)	(333,528)
Less: Equity Based Compensation (j)	(158,220)	(107,110)	(79,571)
Less: Interest Expense (k)	(159,838)	(192,838)	(148,022)
Impact of Consolidation (e)	(112,354)	(133,081)	(52,586)
Amortization of Intangibles (f)	(58,446)	(46,749)	(82,918)
Transaction-Related Charges (g)	(326,794)	(267,477)	(285,572)
Intersegment Eliminations	5,969	6,787	2,283
Total Segment Expenses (l)	$2,382,615	$2,908,116	$1,969,531

	Year Ended December 31,		
	2018	2017	2016
Other Income			
Total GAAP Other Income	$ 191,722	$ 725,452	$ 184,750
Impact of Consolidation (e)	(191,722)	(321,597)	(184,750)
Transaction-Related Charges (g)	—	(403,855)	—
Total Segment Other Income	$ —	$ —	$ —

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Year Ended December 31,		
	2018	2017	2016
Income Before Provision for Taxes			
Total GAAP Income Before Provision for Taxes	$3,512,941	$4,118,089	$2,381,604
Less: Unrealized Performance Allocations (a)	(561,163)	105,432	(530,120)
Less: Unrealized Principal Investment (Income) Loss (b)	65,851	131,206	(20,421)
Less: Interest and Dividend Revenue (c)	(181,763)	(142,920)	(96,399)
Less: Other Revenue (d)	(89,468)	140,051	(54,712)
Plus: Unrealized Performance Allocations Compensation (i)	319,742	103,794	333,528
Plus: Equity Based Compensation (j)	158,220	107,110	79,571
Plus: Interest Expense (k)	159,838	192,838	148,022
Impact of Consolidation (e)	(356,774)	(511,245)	(250,129)
Amortization of Intangibles (f)	59,994	48,297	84,466
Transaction-Related Charges (g)	(261,916)	(176,531)	264,937
Total Segment Distributable Earnings	$2,825,502	$4,116,121	$2,340,347

	Year Ended December 31,	
	2018	2017
Total Assets		
Total GAAP Assets	$28,924,650	$ 34,415,919
Impact of Consolidation (e)	(8,285,824)	(14,427,699)
Total Segment Assets	$20,638,826	$ 19,988,220

Segment basis presents revenues and expenses on a basis that deconsolidates the investment funds Blackstone manages and excludes the amortization of intangibles and Transaction-Related Charges.

(a) This adjustment removes Unrealized Performance Revenues on a segment basis.

(b) This adjustment removes Unrealized Principal Investment Income (Loss) on a segment basis.

(c) This adjustment removes Interest and Dividend Revenue on a segment basis.

(d) This adjustment removes Other Revenue on a segment basis.

(e) The Impact of Consolidation adjustment represents the effect of consolidating Blackstone Funds, 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.

(f) Amortization of intangibles consists of the amortization of transaction-related intangibles including intangibles associated with Blackstone's investment in Pátria, which is accounted for under the equity method.

(g) 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. 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.

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

(h) Total Segment Revenues is comprised of the following:

	Year Ended December 31,		
	2018	2017	2016
Total Segment Management and Advisory Fees, Net	$ 3,036,452	$ 2,770,791	$ 2,462,993
Total Segment Fee Related Performance Revenues	123,836	169,445	101,430
Total Segment Realized Performance Revenues	1,811,771	3,647,807	1,545,586
Total Segment Realized Principal Investment Income	236,058	436,194	199,869
Total Segment Revenues	$ 5,208,117	$ 7,024,237	$ 4,309,878

(i) This adjustment removes Unrealized Performance Allocations Compensation.
(j) This adjustment removes Equity-Based Compensation on a segment basis.
(k) This adjustment removes Interest Expense, excluding interest expense related to the Tax Receivable Agreement.
(l) Total Segment Expenses is comprised of the following:

	Year Ended December 31,		
	2018	2017	2016
Total Segment Fee Related Compensation	$ 1,216,146	$ 1,185,639	$ 1,054,438
Total Segment Realized Performance Compensation	678,141	1,297,611	483,257
Total Segment Other Operating Expenses	488,328	424,866	431,836
Total Segment Expenses	$ 2,382,615	$ 2,908,116	$ 1,969,531

Reconciliations of Total Segment Components

The following tables reconcile the components of Total Segments to their equivalent GAAP measures, reported on the Consolidated Statement of Operations for the years ended December 31, 2018, 2017 and 2016:

	Year Ended December 31,		
	2018	2017	2016
Management and Advisory Fees, Net			
GAAP	$ 3,027,796	$ 2,751,322	$ 2,464,290
Segment Adjustment (a)	8,656	19,469	(1,297)
Total Segment	$ 3,036,452	$ 2,770,791	$ 2,462,993

	Year Ended December 31,		
	2018	2017	2016
GAAP Realized Performance Revenues to Total Segment Fee Related Performance Revenues			
GAAP			
Incentive Fees	$ 57,540	$ 242,514	$ 149,928
Investment Income — Realized Performance Allocations	1,876,507	3,571,811	1,495,439
GAAP	1,934,047	3,814,325	1,645,367
Total Segment			
Less: Realized Performance Revenues	(1,811,771)	(3,647,807)	(1,545,586)
Segment Adjustment (b)	1,560	2,927	1,649
Total Segment	$ 123,836	$ 169,445	$ 101,430

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Year Ended December 31,		
	2018	2017	2016
GAAP Compensation to Total Segment Fee Related Compensation			
GAAP			
Compensation	$1,609,957	$ 1,442,485	$1,335,408
Incentive Fee Compensation	33,916	105,279	68,921
Realized Performance Allocations Compensation	711,076	1,281,965	465,129
GAAP	2,354,949	2,829,729	1,869,458
Total Segment			
Less: Realized Performance Compensation	(678,141)	(1,297,611)	(483,257)
Less: Equity-Based Compensation	(158,220)	(107,110)	(79,571)
Segment Adjustment (c)	(302,442)	(239,369)	(252,192)
Total Segment	$1,216,146	$ 1,185,639	$1,054,438

	Year Ended December 31,		
	2018	2017	2016
GAAP General, Administrative and Other to Total Segment Other Operating Expenses			
GAAP	$ 594,873	$ 488,582	$ 541,624
Segment Adjustment (d)	(106,545)	(63,716)	(109,788)
Total Segment	$ 488,328	$ 424,866	$ 431,836

	Year Ended December 31,		
	2018	2017	2016
Realized Performance Revenues			
GAAP			
Incentive Fees	$ 57,540	$ 242,514	$ 149,928
Investment Income — Realized Performance Allocations	1,876,507	3,571,811	1,495,439
GAAP	1,934,047	3,814,325	1,645,367
Total Segment			
Less: Fee Related Performance Revenues	(123,836)	(169,445)	(101,430)
Segment Adjustment (b)	1,560	2,927	1,649
Total Segment	$1,811,771	$ 3,647,807	$1,545,586

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Year Ended December 31,		
	2018	2017	2016
Realized Performance Compensation			
GAAP			
Incentive Fee Compensation	$ 33,916	$ 105,279	$ 68,921
Realized Performance Allocations Compensation	711,076	1,281,965	465,129
GAAP	744,992	1,387,244	534,050
Total Segment			
Less: Fee Related Performance Compensation	(53,844)	(75,933)	(44,969)
Less: Equity-based compensation — Performance Compensation Related	(13,007)	(13,700)	(5,824)
Total Segment	$ 678,141	$1,297,611	$ 483,257

	Year Ended December 31,		
	2018	2017	2016
Realized Principal Investment Income			
GAAP	$ 415,862	$ 635,769	$ 278,737
Segment Adjustment (e)	(179,804)	(199,575)	(78,868)
Total Segment	$ 236,058	$ 436,194	$ 199,869

	Year Ended December 31,		
	2018	2017	2016
GAAP Interest and Dividend Revenue net of Interest Expense to Total Segment Net Interest Income			
GAAP			
Interest and Dividend Revenue	$ 171,947	$ 139,696	$ 95,724
Interest Expense	(163,990)	(197,486)	(152,654)
GAAP	7,957	(57,790)	(56,930)
Segment Adjustment (f)	13,968	7,872	5,307
Total Segment	$ 21,925	$ (49,918)	$ (51,623)

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.

(a) Represents (1) the add back of net management fees earned from consolidated Blackstone Funds which have been eliminated in consolidation, and (2) the removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Other Operating Expenses in the Total Segment measures.

(b) Represents the add back of Performance Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.

(c) Represents the removal of Transaction-Related Charges that are not recorded in the Total Segment measures.

(d) 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.

Table of Contents

(e) 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.

(f) 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.

20. SUBSEQUENT EVENTS

There have been no events since December 31, 2018 that require recognition or disclosure in the Consolidated Financial Statements.

21. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three Months Ended			
	March 31, 2018 (a)	June 30, 2018 (b)	September 30, 2018	December 31, 2018
Revenues	$1,769,131	$2,632,570	$ 1,926,580	$ 504,978
Expenses	982,931	1,016,381	1,017,632	495,096
Other Income (Loss)	110,599	73,519	66,838	(59,234)
Income (Loss) Before Provision for Taxes	$ 896,799	$1,689,708	$ 975,786	$ (49,352)
Net Income (Loss)	$ 842,304	$1,550,977	$ 948,988	$ (78,718)
Net Income (Loss) Attributable to The Blackstone Group L.P.	$ 367,872	$ 742,042	$ 442,742	$ (10,868)
Net Income (Loss) Per Common Unit				
Common Units, Basic	$ 0.55	$ 1.09	$ 0.65	$ (0.02)
Common Units, Diluted	$ 0.53	$ 1.09	$ 0.64	$ (0.02)
Distributions Declared (c)	$ 0.85	$ 0.35	$ 0.58	$ 0.64

THE BLACKSTONE GROUP L.P.

Notes to Consolidated Financial Statements—Continued
(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

	Three Months Ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017 (d)
Revenues	$1,914,718	$1,535,726	$ 1,735,358	$ 1,959,213
Expenses	921,773	881,193	904,511	1,044,901
Other Income	66,132	110,054	63,448	485,818
Income Before Provision for Taxes	$1,059,077	$ 764,587	$ 894,295	$ 1,400,130
Net Income	$1,001,640	$ 734,979	$ 834,783	$ 803,540
Net Income Attributable to The Blackstone Group L.P.	$ 451,909	$ 337,407	$ 377,920	$ 304,138
Net Income Per Common Unit				
Common Units, Basic	$ 0.68	$ 0.51	$ 0.57	$ 0.45
Common Units, Diluted	$ 0.68	$ 0.50	$ 0.55	$ 0.45
Distributions Declared (c)	$ 0.47	$ 0.87	$ 0.54	$ 0.44

(a) Effective January 1, 2018, Blackstone adopted new GAAP guidance on revenue recognition and implemented a change in accounting principal related to carried interest and incentive allocations, which are now accounted for under the GAAP guidance for equity method investments and are presented within Investment Income in the Consolidated Statements of Operations. All historical results presented have been recast to reflect these changes. A complete description of the changes can be found in Note 2. “Summary of Significant Accounting Policies — Recent Accounting Developments”

(b) For the three months ended June 30, 2018, Revenues included $580.9 million of Transaction-Related Charges recorded in Other Revenues received upon the conclusion of Blackstone’s investment sub-advisory relationship with FS Investments’ funds.

(c) Distributions declared reflects the calendar date of the declaration of each distribution.

(d) The Tax Reform Bill enacted in the three months ended December 31, 2017 resulted in a reduction to the liability under the Tax Receivable Agreement of $403.9 million which is included in Other Income and a decrease in the deferred tax assets of $500.6 million which is a component of the Provision for Taxes. See Note 14. “Income Taxes”.

ITEM 8A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDITION

THE BLACKSTONE GROUP L.P.

Unaudited Consolidating Statements of Financial Condition
(Dollars in Thousands)

	December 31, 2018			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Reclasses and Eliminations	Consolidated
Assets				
Cash and Cash Equivalents	$ 2,207,841	$ —	$ —	$ 2,207,841
Cash Held by Blackstone Funds and Other	—	337,320	—	337,320
Investments	12,596,138	8,376,338	(595,445)	20,377,031
Accounts Receivable	455,308	180,930	—	636,238
Due from Affiliates	2,011,324	7,405	(24,606)	1,994,123
Intangible Assets, Net	468,507	—	—	468,507
Goodwill	1,869,860	—	—	1,869,860
Other Assets	290,366	3,882	—	294,248
Deferred Tax Assets	739,482	—	—	739,482
Total Assets	$20,638,826	$8,905,875	$ (620,051)	$28,924,650
Liabilities and Partners' Capital				
Loans Payable	$ 3,471,151	$6,480,711	$ —	$ 9,951,862
Due to Affiliates	907,748	470,780	(342,752)	1,035,776
Accrued Compensation and Benefits	2,942,128	—	—	2,942,128
Securities Sold, Not Yet Purchased	50,014	92,603	—	142,617
Repurchase Agreements	—	222,202	—	222,202
Accounts Payable, Accrued Expenses and Other Liabilities	622,490	253,489	—	875,979
Total Liabilities	7,993,531	7,519,785	(342,752)	15,170,564
Redeemable Non-Controlling Interests in Consolidated Entities	22,000	119,779	—	141,779
Partners' Capital				
Partners' Capital	6,415,700	277,299	(277,299)	6,415,700
Accumulated Other Comprehensive Income	(36,476)	—	—	(36,476)
Non-Controlling Interests in Consolidated Entities	2,659,754	989,012	—	3,648,766
Non-Controlling Interests in Blackstone Holdings	3,584,317	—	—	3,584,317
Total Partners' Capital	12,623,295	1,266,311	(277,299)	13,612,307
Total Liabilities and Partners' Capital	$20,638,826	$8,905,875	$ (620,051)	$28,924,650

THE BLACKSTONE GROUP L.P.

Unaudited Consolidating Statements of Financial Condition
(Dollars in Thousands)

	December 31, 2017			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Reclasses and Eliminations	Consolidated
Assets				
Cash and Cash Equivalents	$ 1,992,497	$ —	$ —	$ 1,992,497
Cash Held by Blackstone Funds and Other	345,668	1,583,863	—	1,929,531
Investments	12,087,525	13,093,670	(747,146)	24,434,049
Accounts Receivable	404,071	470,947	—	875,018
Due from Affiliates	2,009,866	47,325	(29,054)	2,028,137
Intangible Assets, Net	409,828	—	—	409,828
Goodwill	1,778,192	—	—	1,778,192
Other Assets	234,603	8,094	—	242,697
Deferred Tax Assets	725,970	—	—	725,970
Total Assets	$19,988,220	$15,203,899	$ (776,200)	$34,415,919
Liabilities and Partners' Capital				
Loans Payable	$ 3,514,815	$11,300,621	$ —	$14,815,436
Due to Affiliates	852,123	339,138	(254,103)	937,158
Accrued Compensation and Benefits	2,623,492	—	—	2,623,492
Securities Sold, Not Yet Purchased	64,473	89,907	—	154,380
Repurchase Agreements	—	118,840	—	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	477,615	1,565,907	—	2,043,522
Total Liabilities	7,532,518	13,414,413	(254,103)	20,692,828
Redeemable Non-Controlling Interests in Consolidated Entities	22,000	188,944	—	210,944
Partners' Capital				
Partners' Capital	6,669,327	378,030	(378,846)	6,668,511
Accumulated Other Comprehensive Income (Loss)	(34,836)	—	818	(34,018)
Non-Controlling Interests in Consolidated Entities	2,174,705	1,222,512	(144,069)	3,253,148
Non-Controlling Interests in Blackstone Holdings	3,624,506	—	—	3,624,506
Total Partners' Capital	12,433,702	1,600,542	(522,097)	13,512,147
Total Liabilities and Partners' Capital	$19,988,220	$15,203,899	$ (776,200)	$34,415,919

(a) The Consolidated Blackstone Funds consisted of the following:

Blackstone / GSO Global Dynamic Credit Feeder Fund (Cayman) LP
Blackstone / GSO Global Dynamic Credit Funding Designated Activity Company
Blackstone / GSO Global Dynamic Credit Master Fund
Blackstone / GSO Global Dynamic Credit USD Feeder Fund (Ireland)
Blackstone / GSO Loan Financing Limited*
Blackstone Real Estate Partners VI.C — ESH L.P.*
Blackstone Real Estate Special Situations Fund L.P.
Blackstone Real Estate Special Situations Offshore Fund Ltd.
Blackstone Strategic Alliance Fund L.P.
BSSF I AIV L.P.

BTD CP Holdings LP
Collateralized loan obligation vehicles
GSO Legacy Associates 2 LLC*
GSO Legacy Associates LLC*
Mezzanine side-by-side investment vehicles
Private equity side-by-side investment vehicles
Real estate side-by-side investment vehicles

* Consolidated as of December 31, 2017 only.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No change in our internal control over financial reporting (as such term is defined in Rules 13a — 15(f) and 15d — 15(f) under the Exchange Act) occurred during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management of The Blackstone Group L.P. and subsidiaries ("Blackstone") is responsible for establishing and maintaining adequate internal control over financial reporting. Blackstone's internal control over financial reporting is a process designed under the supervision of its principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Blackstone's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Blackstone's assets that could have a material effect on its financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of Blackstone's internal control over financial reporting as of December 31, 2018 based on the framework established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that Blackstone's internal control over financial reporting as of December 31, 2018 was effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited Blackstone's financial statements included in this report on Form 10-K and issued its report on the effectiveness of Blackstone's internal control over financial reporting as of December 31, 2018, which is included herein.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers of Blackstone Group Management L.L.C.

The directors and executive officers of Blackstone Group Management L.L.C. as of the date of this filing, are:

Name	Age	Position
Stephen A. Schwarzman	72	Founder, Chairman and Chief Executive Officer and Director
Jonathan D. Gray	49	President, Chief Operating Officer and Director
Hamilton E. James	68	Executive Vice Chairman and Director
Bennett J. Goodman	61	Co-Founder of GSO Capital Partners and Director
Michael S. Chae	50	Chief Financial Officer
John G. Finley	62	Chief Legal Officer
Joan Solotar	54	Senior Managing Director — Head of Private Wealth Solutions and External Relations
James W. Breyer	57	Director
Sir John Antony Hood	67	Director
Rochelle B. Lazarus	71	Director
Jay O. Light	77	Director
The Right Honorable Brian Mulroney	79	Director
William G. Parrett	73	Director

Stephen A. Schwarzman is the Chairman and Chief Executive Officer of Blackstone and the Chairman of the board of directors of our general partner. Mr. Schwarzman was elected Chairman of the board of directors of our general partner effective March 20, 2007. He also sits on the firm's Management Committee. Mr. Schwarzman is a founder of Blackstone and has been involved in all phases of the firm's development since its founding in 1985. Mr. Schwarzman began his career at Lehman Brothers, where he was elected Managing Director in 1978. He was engaged principally in the firm's mergers and acquisitions business from 1977 to 1984, and served as Chairman of the firm's Mergers & Acquisitions Committee in 1983 and 1984. Mr. Schwarzman is an active philanthropist with a history of supporting education, as well as culture and the arts, among other things. In both business and philanthropy, Mr. Schwarzman has dedicated himself to tackling big problems with transformative solutions. In October 2018, he announced a foundational $350 million gift to establish the MIT Schwarzman College of Computing, an interdisciplinary hub which will reorient MIT to address the opportunities and challenges presented by the rise of artificial intelligence, including critical ethical and policy considerations to ensure that the technologies are employed for the common good. In 2015, Mr. Schwarzman donated $150 million to Yale University to establish the Schwarzman Center, a first-of-its-kind campus center in Yale's historic "Commons" building, and also gave a founding gift of $40 million to the Inner-City Scholarship Fund, which provides tuition assistance to underprivileged children attending Catholic schools in the Archdiocese of New York. In 2013, he founded an international scholarship program, Schwarzman Scholars, at Tsinghua University in Beijing to educate future leaders about China. At over $575 million, the program is modeled on the Rhodes Scholarship and is the single largest philanthropic effort in China's history coming largely from international donors. Mr. Schwarzman currently maintains his position as Co-Chair of the Board of Trustees of Schwarzman Scholars. In 2007, Mr. Schwarzman donated $100 million to the New York Public Library on whose board he serves. Mr. Schwarzman is a member of The Council on Foreign Relations, The Business Council, The Business Roundtable, and The International Business Council of the World Economic Forum. He is the former co-chair of the Partnership for New York City and serves on the boards of The Asia Society and New York Presbyterian Hospital, as well as on The Advisory Board of the School of Economics and Management at Tsinghua University, Beijing. He is a Trustee of The Frick Collection in New York City and Chairman Emeritus of the board of directors of The John F. Kennedy Center for the Performing Arts. In 2007, Mr. Schwarzman was included in TIME's "100 Most Influential People." In 2016, he topped Forbes Magazine's list of the most influential people in finance and in 2018 was ranked in the Top 50 on Forbes' list of the "World's Most Powerful People". The Republic of France has awarded

Mr. Schwarzman both the Légion d'Honneur and the Ordre des Arts et des Lettres at the Commandeur level. Mr. Schwarzman is one of the only Americans to receive both awards recognizing significant contributions to France. He is also the former Chairman of the President's Strategic and Policy Forum, which was charged with providing direct input to the President of the United States from business leaders through a non-partisan, non-bureaucratic exchange of ideas. Mr. Schwarzman holds a BA from Yale University and an MBA from Harvard Business School. He has served as an adjunct professor at the Yale School of Management and on the Harvard Business School Board of Dean's Advisors.

Jonathan D. Gray is President and Chief Operating Officer of Blackstone and a member of the board of directors of our general partner. Mr. Gray was elected to the board of directors of our general partner effective February 24, 2012. He also sits on the firm's Management Committee and previously served as Global Head of Real Estate. Since joining Blackstone in 1992, Mr. Gray has helped build the largest real estate platform in the world. Mr. Gray currently serves as Chairman of the board of directors of Hilton Worldwide Holdings Inc. and Nevada Property 1 LLC (The Cosmopolitan of Las Vegas). Mr. Gray also previously served as a board member of Invitation Homes Inc., Brixmor Property Group Inc. and La Quinta Holdings Inc. He also serves on the board of Harlem Village Academies and Trinity School. Mr. Gray and his wife, Mindy, established the Basser Center for BRCA at the University of Pennsylvania School of Medicine focused on the prevention and treatment of certain genetically caused cancers. They also established NYC Kids RISE in partnership with the City of New York to accelerate college savings for low income children. Mr. Gray received a BS in Economics from the Wharton School, as well as a BA in English from the College of Arts and Sciences at the University of Pennsylvania.

Hamilton E. James is Executive Vice Chairman of Blackstone and a member of the board of directors of our general partner. Mr. James was elected to the board of directors of our general partner effective March 20, 2007. He is also a member of Blackstone's Management Committee and previously served as President and Chief Operating Officer of Blackstone. Prior to joining Blackstone in 2002, Mr. James was Chairman of Global Investment Banking and Private Equity at Credit Suisse First Boston and a member of its executive board. Prior to the acquisition of Donaldson, Lufkin & Jenrette, Inc. ("DLJ") by Credit Suisse First Boston in 2000, Mr. James was the Chairman of DLJ's Banking Group, responsible for all the firm's investment banking and merchant banking activities. Mr. James joined DLJ in 1975 as an Investment Banking associate. He became head of DLJ's global mergers and acquisitions group in 1982, founded DLJ Merchant Banking, Inc. in 1985, and was named Chairman of the Banking Group in 1995. Mr. James is the Chairman of the Board of Directors of Costco Wholesale Corporation, a member of the Board of Directors of Digital Asset Holdings, and has served on a number of other corporate boards. Mr. James is Chairman of the Finance Committee of The Metropolitan Museum of Art, a member of The Boards of Trustees of Mount Sinai Health System, a member of the Center for American Progress Board of Trustees, Vice Chairman of Trout Unlimited's Coldwater Conservation Fund, Vice Chairman of the Board of Trustees of the Wildlife Conservation Society, an Advisory Board Member of The Montana Land Reliance, an Advisory Council member of the Monetary Authority of Singapore, Chairman of the Education Finance Institute, an Advisory Board member of the Max S. Baucus Institute at the University of Montana and Chairman Emeritus of the Board of Trustees of the American Ballet Theatre. He is also a former member of the President's Export Council and a former Commissioner of The Port Authority of New York and New Jersey. In 2018, Mr. James co-authored the second edition of *Rescuing Retirement* , a book proposing a solution to America's looming retirement crisis. The first edition was published in 2016. Mr. James has also published articles in The New York Times, The Wall Street Journal, Financial Times, The Harvard Business Review and other major publications. Mr. James graduated magna cum laude with a BA from Harvard College in 1973 and was a John Harvard Scholar. He earned an MBA with high distinction from the Harvard Business School and graduated as a Baker Scholar in 1975.

Bennett J. Goodman is a Co-Founder of GSO and a member of the board of directors of our general partner. Mr. Goodman was elected to the board of directors of our general partner effective February 24, 2015. He also sits on the firm's Management Committee. Since joining Blackstone in 2008, Mr. Goodman has focused on the management of GSO, which is Blackstone's credit investment platform with assets under management in various direct lending strategies, leveraged loan vehicles and distressed investment funds. Before co-founding GSO in 2005, Mr. Goodman was the Managing Partner of the Alternative Capital Division of Credit Suisse. Mr. Goodman joined

Credit Suisse in November 2000 when it acquired DLJ where he was Global Head of Leveraged Finance. Mr. Goodman joined DLJ in February of 1988 as the founder of the High Yield Capital Markets Group. Prior to joining DLJ, Mr. Goodman worked in the high yield business at Drexel Burnham Lambert from 1984 to 1988. Mr. Goodman is currently on the board of directors of Lincoln Center and the Central Park Conservancy. Mr. Goodman received Institutional Investor's 2012 Money Manager of The Year Award and the 2004 Lifetime Achievement Award from Euromoney Magazine for his career achievements in the global capital markets. He graduated from Lafayette College and the Harvard Business School.

Michael S. Chae is Blackstone's Chief Financial Officer and a member of the firm's Management Committee. Mr. Chae has management responsibility over the firm's global finance, treasury, technology and corporate development functions. Since joining Blackstone in 1997, Mr. Chae has served in a broad range of leadership roles including Head of International Private Equity, from 2012 through 2015, Head of Private Equity for Asia/Pacific, from 2011 through 2015, and overseeing Private Equity investments in various sectors and the investment process for Tactical Opportunities. Mr. Chae led or was involved in numerous Blackstone investments over that time period. Before joining Blackstone, Mr. Chae worked at The Carlyle Group, L.P. and prior to that at Dillon, Read & Co. He has served on numerous boards of private and publicly traded portfolio companies and is President of the Board of Trustees of the Lawrenceville School. He is also a member of the Council on Foreign Relations and the Board of Trustees of the Asia Society and the St. Bernard's School. Mr. Chae received an AB from Harvard College, an MPhil. in International Relations from Cambridge University and a JD from Yale Law School.

John G. Finley is a Senior Managing Director and Chief Legal Officer of Blackstone and a member of the firm's Management Committee. Before joining Blackstone in 2010, Mr. Finley had been a partner with Simpson Thacher & Bartlett for 22 years where he was a member of that law firm's Executive Committee and Co-Head of Global Mergers & Acquisitions. Mr. Finley is a member of the Advisory Board of the Harvard Law School Program on Corporate Governance, the National Advisory Board of the Netter Center for Community Partnerships of the University of Pennsylvania and the Board of Advisors of the University of Pennsylvania Institute of Law and Economics. He is also a guest lecturer at Harvard Law School. He has served on the Committee of Securities Regulation of the New York State Bar Association, the Board of Advisors of the Knight-Bagehot Fellowship in Economics and Business Journalism at Columbia University and as a Trustee of the Jewish Board of Family and Children Services. He has also served as Chairman of the Annual International Mergers & Acquisitions Conference of the International Bar Association. Mr. Finley received a BS in Economics from the Wharton School of the University of Pennsylvania, a BA in History from the College of Arts and Sciences of the University of Pennsylvania, and a JD from Harvard Law School.

Joan Solotar is a Senior Managing Director, Head of Private Wealth Solutions and External Relations and a member of the firm's Management Committee. Ms. Solotar oversees the firm's Private Wealth Solutions business, which delivers solutions to institutional and high net worth clients. Additionally, she manages global shareholder relations and public affairs. Before joining Blackstone in 2007, Ms. Solotar was with Bank of America Securities where she was a Managing Director and Head of Equity Research. Prior to joining Bank of America, she was a consistently highly ranked Institutional Investor "All-American Research Team" financial services analyst at DLJ and Credit Suisse First Boston as a Managing Director. Ms. Solotar chairs the board of directors of Blackstone's Charitable Foundation and is Chairman of the Board of Trustees of the East Harlem Tutorial Program and the East Harlem Scholars Academies. She is the author of a Harvard Business Review article entitled "Truths for our Daughters," as well as "Truths from my Daughter." Ms. Solotar received a BS in Management Information Systems at the State University of New York at Albany and an MBA in Finance at New York University.

James W. Breyer is a member of the board of directors of our general partner. Mr. Breyer was elected to the board of directors of our general partner effective July 14, 2016. Mr. Breyer is the Founder and Chief Executive Officer of Breyer Capital, a global venture capital firm based in Menlo Park, California. Mr. Breyer has been an investor in over 40 consumer internet/technology companies that have completed successful public offerings or mergers. He served as Partner at Accel Partners from 1990 to 2016 and Managing Partner from 1995 to 2011. Mr. Breyer also has a long record of investing in China and partnering with Chinese entrepreneurs, including

through Breyer Capital's partnership with IDG Capital, a technology venture capital firm based in Beijing, where Mr. Breyer currently plays the leading outside strategy advisory role. Mr. Breyer currently serves on the board of directors of Twenty-First Century Fox, Inc. and previously served on the board of directors of Facebook, Inc. from 2005 to 2013, Etsy, Inc. from 2008 to 2016, Dell, Inc. from 2009 to 2013, and Wal-Mart Stores, Inc. from 2001 to 2013, as well as a number of other prominent technology and media companies. Mr. Breyer has been ranked #1 on Forbes' Midas List of top technology investors multiple times and is former Chairman of the National Venture Capital Association and former President of the Western Association of Venture Capitalists. Mr. Breyer is a fellow of Harvard Corporation, a member of Harvard Business School's Board of Dean's Advisors and Harvard University's Global Advisory Council, a founding member of the Dean's Advisory Board of Stanford University's School of Engineering and Chairman of the Advisory Board of the Tsinghua University School of Economics and Management in Beijing. Mr. Breyer is also a Trustee of the San Francisco Museum of Modern Art, the Metropolitan Museum of Art and the American Film Institute, and is actively involved in the Environmental Defense Fund and Stanford's Center for Philanthropy and Civil Society.

Sir John Antony Hood is a member of the board of directors of our general partner. Sir John was elected to the board of directors of our general partner effective May 14, 2018. Sir John is the President and Chief Executive Officer of the Robertson Foundation and Chair of the Rhodes Trust. He also serves as a director of WPP plc, Aurora Energy Research and Study Group Limited, and as Chairman of BMT Group. In addition, Sir John serves on the boards of the Fletcher Trust, the Mandela Rhodes Foundation and the Said Business School Foundation, and on the advisory board for the African Leadership Academy. From 2004 to 2009, Sir John served as Vice-Chancellor of the University of Oxford, and from 1999 to 2004, he served as Vice-Chancellor of The University of Auckland. Sir John earned a Bachelor of Engineering and a PhD in Civil Engineering from The University of Auckland. Upon completing his doctorate, he was awarded a Rhodes Scholarship to study at the University of Oxford. There he read for an MPhil in Management Studies and was a member of Worcester College. Sir John has been appointed a Knight Companion to the New Zealand Order of Merit.

Rochelle B. Lazarus is a member of the board of directors of our general partner. Ms. Lazarus was elected to the board of directors of our general partner effective July 9, 2013. Ms. Lazarus is Chairman Emeritus of Ogilvy & Mather and served as Chairman of that company from 1997 to June 2012. Prior to becoming Chief Executive Officer and Chairman, she also served as president of O&M Direct North America, Ogilvy & Mather New York, and Ogilvy & Mather North America. Ms. Lazarus currently serves on the boards of Merck & Co., Inc., the Financial Industry Regulatory Authority (FINRA), World Wildlife Fund, Lincoln Center for the Performing Arts and the Partnership for New York City. She also previously served on the board of General Electric Company. Ms. Lazarus is a trustee of the New York Presbyterian Hospital and is a member of the Board of Overseers of Columbia Business School. She is also a member of the Council on Foreign Relations and The Women's Forum, Inc.

Jay O. Light is a member of the board of directors of our general partner. Mr. Light was elected to the board of directors of our general partner effective September 18, 2008. Mr. Light is the Dean Emeritus of Harvard Business School and the George F. Baker Professor of Administration Emeritus. Prior to that, Mr. Light was the Dean of Harvard Business School from 2006 to 2010. Before becoming the Dean of Harvard Business School, Mr. Light was Senior Associate Dean, Chairman of the Finance Area, and a professor teaching Investment Management, Capital Markets, and Entrepreneurial Finance for 30 years. Mr. Light is a member of the board of advisors of several private firms. Mr. Light was also previously the lead director of the board of directors of HCA Holdings, Inc., a director of the Harvard Management Company and a director of Partners HealthCare (the Mass General and Brigham & Women's Hospitals), where he served as chairman of its Investment Committee until 2015. In prior years until 2008, Mr. Light was a Trustee of the GMO Trusts, a family of mutual funds for institutional investors.

The Right Honorable Brian Mulroney is a member of the board of directors of our general partner. Mr. Mulroney was elected to the board of directors of our general partner effective June 21, 2007. Mr. Mulroney is a senior partner and international business consultant for the Montreal law firm, Norton Rose Canada LLP. Prior to joining Norton Rose Canada, Mr. Mulroney was the eighteenth Prime Minister of Canada from 1984 to 1993 and

leader of the Progressive Conservative Party of Canada from 1983 to 1993. He served as the Executive Vice President of the Iron Ore Company of Canada and President beginning in 1977. Prior to that, Mr. Mulroney served on the Cliché Commission of Inquiry in 1974. Mr. Mulroney is a Senior Advisor of Global Affairs at Barrick Gold Corporation, where he previously served as a member of the board of directors, and is the Chairman of their International Advisory Board. Mr. Mulroney is also Chairman of the board of directors of Quebecor Inc. and a member of the board of directors of Wyndham Worldwide Corporation. In prior years until 2009, Mr. Mulroney was a member of the board of directors of Archer Daniels Midland Company and Quebecor World Inc.

William G. Parrett is a member of the board of directors of our general partner. Mr. Parrett was elected to the board of directors of our general partner effective November 9, 2007. Until May 31, 2007, Mr. Parrett served as the Chief Executive Officer of Deloitte Touche Tohmatsu. Certain of the member firms of Deloitte Touche Tohmatsu or their subsidiaries and affiliates provide professional services to Blackstone or its affiliates. Mr. Parrett co-founded the Global Financial Services Industry practice of Deloitte and served as its first Chairman. Mr. Parrett is a member of the board of directors of Oracle Corporation, where he is a member of the finance and audit committee, and Eastman Kodak Company, where he chairs the audit committee. Mr. Parrett was also previously a member of the board of directors of Thermo Fisher Scientific Inc. and UBS AG. Mr. Parrett is Chairman of the board of directors of Conduent Inc., where he is a member of the governance and compensation committees. Mr. Parrett is a Senior Trustee of the United States Council for International Business and a past Chairman of the Board of Trustees of United Way Worldwide. Mr. Parrett is a Certified Public Accountant with an active license.

Board Composition

Our general partner seeks to ensure that the board of directors of our general partner is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the board to satisfy its oversight responsibilities effectively. In identifying candidates for membership on the board of directors of our general partner, Mr. Schwarzman takes into account (a) minimum individual qualifications, such as strength of character, mature judgment, industry knowledge or experience and an ability to work collegially with the other members of the board of directors, and (b) all other factors he considers appropriate.

After conducting an initial evaluation of a candidate, Mr. Schwarzman will interview that candidate if he believes the candidate might be suitable to be a director and may also ask the candidate to meet with other directors and senior management. If, following such interview and any consultations with senior management, Mr. Schwarzman believes a candidate would be a valuable addition to the board of directors, he will appoint that individual to the board of directors of our general partner.

When considering whether the board's directors have the experience, qualifications, attributes and skills, taken as a whole, to enable the board to satisfy its oversight responsibilities effectively in light of the Partnership's business and structure, Mr. Schwarzman focused on the information described in each of the board members' biographical information set forth above. In particular, with regard to Mr. Breyer, Mr. Schwarzman considered his extensive financial background and significant investment experience at Breyer Capital and Accel Partners. With regard to Sir John, Mr. Schwarzman considered his distinguished experience playing a key role in the management and oversight of leading, complex institutions and philanthropic organizations around the world. With regard to Ms. Lazarus, Mr. Schwarzman considered her extensive business background and her management experience in a variety of senior leadership roles at Ogilvy & Mather. With regard to Mr. Light, Mr. Schwarzman considered his distinguished career as a professor and dean at Harvard Business School with extensive knowledge and expertise of the investment management and capital markets industries. With regard to Mr. Mulroney, Mr. Schwarzman considered his distinguished career of government service, especially his service as the Prime Minister of Canada. With regard to Mr. Parrett, Mr. Schwarzman considered his significant experience, expertise and background with regard to auditing and accounting matters, his leadership role at Deloitte and his extensive experience serving as a director on boards of directors. With regard to Messrs. Gray, James and Goodman, Mr. Schwarzman considered their leadership and extensive knowledge of our business and operations gained through their years of service at our firm and with regard to himself, Mr. Schwarzman considered his role as founder and long-time chief executive officer of our firm.

Partnership Management and Governance

Our general partner, Blackstone Group Management L.L.C., manages all of our operations and activities. Our general partner is authorized in general to perform all acts that it determines to be necessary or appropriate to carry out our purposes and to conduct our business. Our partnership agreement provides that our general partner in managing our operations and activities is entitled to consider only such interests and factors as it desires, including its own interests, and will have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting us or any limited partners, and will not be subject to any different standards imposed by the partnership agreement, the Delaware Limited Partnership Act or under any other law, rule or regulation or in equity. Blackstone Group Management L.L.C. is wholly owned by our senior managing directors and controlled by our founder, Mr. Schwarzman. Our common unitholders have only limited voting rights on matters affecting our business and therefore have limited ability to influence management's decisions regarding our business. The voting rights of our common unitholders are limited as set forth in our partnership agreement and in the Delaware Limited Partnership Act.

Blackstone Group Management L.L.C. does not receive any compensation from us for services rendered to us as our general partner. Our general partner is reimbursed by us for all expenses it incurs in carrying out its activities as general partner of the Partnership, including compensation paid by the general partner to its directors and the cost of directors and officers liability insurance obtained by the general partner.

The limited liability company agreement of Blackstone Group Management L.L.C. establishes a board of directors that is responsible for the oversight of our business and operations. Our general partner's board of directors is elected in accordance with its limited liability company agreement, where our senior managing directors have agreed that our founder, Mr. Schwarzman will have the power to appoint and remove the directors of our general partner. The limited liability company agreement of our general partner provides that at such time as Mr. Schwarzman should cease to be a founding member, Jonathan D. Gray will thereupon succeed Mr. Schwarzman as the sole founding member of our general partner, and thereafter such power will revert to the members of our general partner holding a majority in interest in our general partner. We refer to the board of directors of Blackstone Group Management L.L.C. as the "board of directors of our general partner." The board of directors of our general partner has a total of ten members, including six members who are not officers or employees, and are otherwise independent, of Blackstone and its affiliates, including our general partner.

The board of directors of our general partner has three standing committees: the audit committee, the conflicts committee and the executive committee.

Audit Committee . The audit committee consists of Messrs. Parrett (Chairman), Breyer, Hood and Light and Ms. Lazarus. The purpose of the audit committee is, among other things, to assist the board of directors of Blackstone Group Management L.L.C. in fulfilling its responsibility with respect to its oversight of (a) the quality and integrity of our financial statements, (b) our compliance with legal and regulatory requirements, (c) our independent auditor's qualification, independence and performance, and (d) the performance of our internal audit function. The audit committee's responsibilities also include reviewing with management, the independent auditors and internal audit, the areas of material risk to our operations and financial results, including major financial risks and exposures and our guidelines and policies with respect to risk assessment and risk management. The members of the audit committee meet the independence standards and financial literacy requirements for service on an audit committee of a board of directors pursuant to the New York Stock Exchange listing standards and SEC rules applicable to audit committees. The board of directors of our general partner has determined that Mr. Parrett is an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K. The audit committee has a charter, which is available on our website at http://ir.blackstone.com under "Corporate Governance."

Conflicts Committee . The conflicts committee consists of Messrs. Parrett (Chairman), Breyer, Hood and Light and Ms. Lazarus. The conflicts committee reviews specific matters that our general partner's board of directors believes may involve conflicts of interest. The conflicts committee determines if the resolution of any conflict of

interest submitted to it is fair and reasonable to the Partnership. Any matters approved by the conflicts committee are conclusively deemed to be fair and reasonable to us and not a breach by us of any duties we may owe to our common unitholders. In addition, the conflicts committee may review and approve any related person transactions, other than those that are approved pursuant to our related person policy, as described under "—Item 13. Certain Relationships and Related Transactions, and Director Independence," and may establish guidelines or rules to cover specific categories of transactions. The members of the conflicts committee meet the independence standards for service on an audit committee of a board of directors pursuant to federal and New York Stock Exchange rules relating to corporate governance matters.

Executive Committee . The executive committee of the board of directors of Blackstone Group Management L.L.C. consists of Messrs. Schwarzman, Gray, James and Goodman. The board of directors has delegated all of the power and authority of the full board of directors to the executive committee to act when the board of directors is not in session.

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics and a Code of Ethics for Financial Professionals, which apply to our principal executive officer, principal financial officer and principal accounting officer. Each of these codes is available on our website at http://ir.blackstone.com under "Corporate Governance." We intend to disclose any amendment to or waiver of the Code of Ethics for Financial Professionals and any waiver of our Code of Business Conduct and Ethics on behalf of an executive officer or director either on our website or in an 8-K filing.

Corporate Governance Guidelines

The board of directors of our general partner has a governance policy, which addresses matters such as the board of directors' responsibilities and duties and the board of directors' composition and compensation. The governance policy is available on our website at http://ir.blackstone.com under "Corporate Governance."

Communications to the Board of Directors

The non-management members of our general partner's board of directors meet at least quarterly. The presiding director at these non-management board member meetings is Mr. Parrett. All interested parties, including any employee or unitholder, may send communications to the non-management members of our general partner's board of directors by writing to: The Blackstone Group L.P., Attn: Audit Committee, 345 Park Avenue, New York, New York 10154.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the executive officers and directors of our general partner, and persons who own more than ten percent of a registered class of the Partnership's equity securities to file initial reports of ownership and reports of changes in ownership with the SEC and furnish the Partnership with copies of all Section 16(a) forms they file. To our knowledge, based solely on our review of the copies of such reports furnished to us or written representations from such persons that they were not required to file a Form 5 to report previously unreported ownership or changes in ownership, we believe that, with respect to the fiscal year ended December 31, 2018, such persons complied with all such filing requirements.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview of Compensation Philosophy and Program

The intellectual capital collectively possessed by our senior managing directors (including our named executive officers) and other employees is the most important asset of our firm. We invest in people. We hire qualified people, train them, encourage them to provide their best thinking to the firm for the benefit of the investors in the funds we

manage, and compensate them in a manner designed to retain and motivate them and align their interests with those of the investors in our funds.

Our overriding compensation philosophy for our senior managing directors and certain other employees is that compensation should be composed primarily of (a) annual cash bonus payments tied to the performance of the applicable business unit(s) in which such employee works, (b) performance interests (composed primarily of Performance Allocations, commonly referred to as carried interest, and incentive fee interests) tied to the performance of the investments made by the funds in the business unit in which such employee works or for which he or she has responsibility, (c) deferred equity awards reflecting the value of our common units, and (d) additional cash payments and equity awards tied to extraordinary performance of such employee or other circumstances (for example, if there has been a change of role or responsibility). We believe base salary should represent a significantly lesser component of total compensation. We believe the appropriate combination of annual cash bonus payments and performance interests or deferred equity awards encourages our senior managing directors and other employees to focus on the underlying performance of our investment funds, as well as the overall performance of the firm and interests of our common unitholders. To that end, the primary form of compensation to our senior managing directors and other employees who work in our carry fund operations is generally a combination of annual cash bonus payments related to the performance of those carry fund operations, carried interest or incentive fee interests and, in specified cases, deferred equity awards. Along the same lines, the primary form of compensation to our senior managing directors and other employees who do not work in our carry fund operations is generally a combination of annual cash bonus payments tied to the performance of the applicable business unit in which such employee works and deferred equity awards.

Employees at higher total compensation levels are generally targeted to receive a greater percentage of their total compensation payable in annual cash bonuses, participation in performance interests, and deferred equity awards and a lesser percentage in the form of base salary compared to employees who are paid less. We believe that the proportion of compensation that is “at risk” should increase as an employee’s level of responsibility rises.

Our compensation program includes significant elements that discourage excessive risk taking and aligns the compensation of our employees with the long-term performance of the firm. For example, notwithstanding the fact that for accounting purposes we accrue compensation for the Performance Plans (as defined below) related to our carry funds as increases in the carrying value of the portfolio investments are recorded in those carry funds, we only make cash payments to our employees related to carried interest when profitable investments have been realized and cash is distributed first to the investors in our funds, followed by the firm and only then to employees of the firm. Moreover, if a carry fund fails to achieve specified investment returns due to diminished performance of later investments, our Performance Plans entitle us to “clawback” carried interest payments previously made to an employee for the benefit of the limited partner investors in that fund, and we escrow a portion of all carried interest payments made to employees to help fund their potential future “clawback” obligations, all of which further discourages excessive risk-taking by our employees. Similarly, for our investment funds that pay incentive fees, those incentive fees are only paid to the firm and employees of the firm to the extent an applicable fund’s portfolio of investments has profitably appreciated in value (in most cases above a specified level) during the applicable period. In addition, and as noted below with respect to our named executive officers, the requirement that we have our professional employees invest in certain of the funds they manage directly aligns the interests of our professionals and our investors. In most cases, these investments represent a significant percentage of employees’ after-tax compensation. Lastly, because our equity awards have significant vesting or deferral provisions, the actual amount of compensation realized by the recipient will be tied directly to the long-term performance of our common units. In addition, in applicable jurisdictions, specifically in the European Union, our compensation program includes additional remuneration policies that may limit or otherwise alter the compensation for certain employees consistent with local regulatory requirements and aimed at, among other things, discouraging inappropriate risk taking and aligning compensation with the firm’s strategy and long-term interests consistent with our general compensation program.

We believe our current compensation and benefit allocations for senior professionals are best in class and are consistent with companies in the alternative asset management industry. We do not generally rely on compensation surveys or compensation consultants. Our senior management periodically reviews the effectiveness and competitiveness of our compensation program, and such reviews may in the future involve the assistance of independent consultants.

Personal Investment Obligations . As part of our compensation philosophy and program, we require our named executive officers to personally invest their own capital in and alongside the funds that we manage. We believe that this strengthens the alignment of interests between our executive officers and the investors in those investment funds. (See "— Item 13. Certain Relationships and Related Transactions, and Director Independence — Investment in or Alongside Our Funds.") In determining compensation for our named executive officers, we do not take into account the gains or losses attributable to the personal investments by our named executive officers in our investment funds.

For equity awards granted in 2014 and prior years, we also require each of our named executive officers to hold at least 25% of their vested units (other than vested units awarded under our Deferred Compensation Plan) throughout their employment with the firm and generally for one year following the termination of employment. We believe the continued ownership by our named executive officers of significant amounts of our equity through their direct and indirect interests in the Blackstone Holdings Partnerships affords significant alignment of interests with our common unitholders. For equity awards granted in 2015 and onward our named executive officers are required to hold 25% of their vested units (other than vested units awarded under our Deferred Compensation Plan) until the earlier of (1) ten years after the applicable vesting date and (2) one year following termination of employment.

Named Executive Officers

In 2018, our named executive officers were:

Executive	Title
Stephen A. Schwarzman	Chairman and Chief Executive Officer
Jonathan D. Gray	President and Chief Operating Officer
Hamilton E. James	Executive Vice Chairman
Michael S. Chae	Chief Financial Officer
J. Tomilson Hill	Former Vice Chairman

Effective March 1, 2018, Mr. Gray was appointed President and Chief Operating Officer of Blackstone Group Management L.L.C., our general partner. In connection with the appointment of Mr. Gray, Mr. James transitioned from his then-current role as President and Chief Operating Officer and is continuing in a full-time role as Executive Vice Chairman of our general partner.

Effective December 31, 2018, Mr. Hill resigned from his position as a director and Vice Chairman of our general partner. In recognition of Mr. Hill's significant contributions to the firm over the course of his tenure with us and as consideration for a general release of claims in favor of the firm and its related parties, we determined it was appropriate to enter into a withdrawal agreement with Mr. Hill, which provided for target annual cash compensation of $7,500,000 for 2018, continued vesting of his special equity awards that would have otherwise been forfeited upon his resignation, specified participation interests in the carry or incentive fee pools generated by certain specified funds and eligibility to continue to participate in Blackstone's side-by-side or similar investment programs for five years following his resignation, in some cases without being subject to management fees, carried interest or incentive fees (but subject to an administrative charge). The specific terms of Mr. Hill's withdrawal agreement are discussed below under "— Potential Payments Upon Termination of Employment or Change in Control — Withdrawal Agreement with J. Tomilson Hill."

Compensation Elements for Named Executive Officers

The key elements of the compensation of the named executive officers listed in the tables below for 2018 were base compensation, which is composed of base salary, cash bonus and equity-based compensation, and performance compensation, which is composed of carried interest and incentive fee allocations:

1. Base Salary . Each named executive officer received a $350,000 annual base salary in 2018, which equals the total yearly partnership drawings that were received by each of our senior managing directors prior to our initial public offering in 2007. In keeping with historical practice, we continue to pay this amount as a base salary.

2. Annual Cash Bonus Payments / Deferred Equity Awards . Since our initial public offering, Mr. Schwarzman has not received any cash compensation other than the $350,000 annual salary described above and the actual realized carried interest distributions or incentive fees he may receive in respect of his participation in the carried interest or incentive fees earned from our funds through our Performance Plans described below. We believe that having Mr. Schwarzman's compensation largely based on ownership of a portion of the carried interest or incentive fees earned from our funds aligns his interests with those of the investors in our funds and our common unitholders.

Each of our named executive officers other than Mr. Schwarzman received annual cash bonus payments in 2018 in addition to their base salary. These cash payments included participation interests in the earnings of the firm's various investment businesses. Indicative participation interests for each year were disclosed to a named executive officer at the beginning of such year and represented estimates of the expected percentage participation that such named executive officer may have had in the relevant business unit(s)' earnings for that same year. However, the ultimate cash payments paid to the named executive officers at the end of the year in respect of their participation interests were determined in the discretion of Mr. Schwarzman and Mr. Gray, as described below. Earnings for a business unit are calculated based on the annual operating income of that business unit and are generally a function of the performance of such business unit, which is evaluated by Mr. Schwarzman and Mr. Gray and subject to modification by the firm in its sole discretion. The ultimate cash payment amounts were based on (a) the prior and anticipated performance of the named executive officer, (b) the prior and anticipated performance of the segments and product lines in which the officer serves and for which he has responsibility, and (c) the estimated participation interests given to the officer at the beginning of the year in respect of the investments to be made in that year. We make annual cash bonus payments in the first quarter of the ensuing year to reward individual performance for the prior year. The ultimate cash payments that are made are fully discretionary as further discussed below under "— Determination of Incentive Compensation."

For 2018, all employees other than Mr. Schwarzman and Mr. James were deemed eligible to participate in the Deferred Compensation Plan. The Deferred Compensation Plan provides for the deferral of a portion of each participant's annual cash bonus payment. The portion deferred is prescribed under the Deferred Compensation Plan and is subject to certain adjustments, including reductions for mandatory contributions to our investment funds. By deferring a portion of a participant's compensation for three years, the Deferred Compensation Plan acts as an employment retention mechanism and thereby enhances the alignment of interests between such participant and the firm. Many asset managers that are public companies utilize deferred compensation plans as a means of retaining and motivating their professionals, and we believe that it is in the interest of our common unitholders to do the same for our personnel.

On January 11, 2019, Mr. Chae received a deferral award under the Deferred Compensation Plan of deferred restricted common units in respect of his service in 2018. The amount of each participant's annual cash bonus payment deferred under the Deferred Compensation Plan is calculated pursuant to a deferral rate table using the participant's total annual incentive compensation, which generally includes such participant's annual cash bonus payment and any incentive fees earned in connection with our investment funds and is subject to certain adjustments, including reductions for mandatory contributions to our investment funds. The percentage of Mr. Chae's 2018 annual cash bonus payment mandatorily deferred into deferred restricted common units was approximately 19.1%. This award is reflected as a stock award for fiscal year 2018 in the Summary Compensation Table and in the Grants of Plan-Based Awards in 2018 table.

3. Discretionary Equity Awards . In January 2018, Mr. Hill was awarded a discretionary award of deferred restricted Blackstone Holdings Partnership Units with a value of $7,500,000. This award reflected 2017 performance. The award was granted under the 2007 Equity Incentive Plan on July 1, 2018, subject to the named executive officer's continued employment through such date. This award is reflected as a stock award for fiscal year 2018 in the Summary Compensation Table and in the Grants of Plan-Based Awards in 2018 table. 100% of these unvested deferred restricted Blackstone Holdings Partnership Units were considered vested and undelivered as of Mr. Hill's December 31, 2018 resignation date. (See "— Potential Payments Upon Termination of Employment or Change in Control — Withdrawal Agreement with J. Tomilson Hill.")

In January 2019, Mr. Gray and Mr. Chae were each awarded a discretionary award of deferred restricted Blackstone Holdings Partnership Units with a value of $30,000,000 and $2,000,000, respectively. These awards reflected 2018 performance and were intended to further promote retention and to incentivize future performance. The awards will be granted under the 2007 Equity Incentive Plan and are expected to be granted on July 1, 2019, subject to the named executive officer's continued employment through such date. The awards will vest 20% on July 1, 2022, 30% on July 1, 2023 and 50% on July 1, 2024. These awards will be reflected as stock awards for fiscal 2019 in the Summary Compensation Table and in the Grants of Plan-Based Awards in the 2019 table.

4. Participation in Carried Interest and Incentive Fees . During 2018, all of our named executive officers participated in the carried interest of our carry funds or the incentive fees of our funds that pay incentive fees through their participation interests in the carry or incentive fee pools generated by these funds. The carry or incentive fee pool with respect to each fund in a given year is funded by a fixed percentage of the total amount of carried interest or incentive fees earned by Blackstone for such fund in that year. We refer to these pools and employee participation therein as our "Performance Plans" and payments made thereunder as "performance payments." Because the aggregate amount of performance payments payable through our Performance Plans is directly tied to the performance of the funds, we believe this fosters a strong alignment of interests between the investors in those funds and these named executive officers, and therefore benefits our unitholders. In addition, most alternative asset managers, including several of our competitors, use participation in carried interest or incentive fees as a central means of compensating and motivating their professionals, and we believe that we must do the same in order to attract and retain the most qualified personnel. For purposes of our financial statements, we are treating the income allocated to all our personnel who have participation interests in the carried interest or incentive fees generated by our funds as compensation, and the amounts of carried interest and incentive fees earned by named executive officers are reflected as "All Other Compensation" in the Summary Compensation Table. Distributions in respect of our Performance Plans for each named executive officer are determined on the basis of the percentage participation in the relevant investments previously allocated to that named executive officer, which percentage participations are established in January of each year in respect of the investments to be made in that year. The percentage participation for a named executive officer may vary from year to year and fund to fund due to several factors, and may include changes in the size and composition of the pool of Blackstone personnel participating in such Performance Plan in a given year, the performance of our various businesses, new developments in our businesses and product lines, and the named executive officer's leadership and oversight of the business or corporate function for which the named executive officer is responsible and such named executive officer's contributions with respect to our strategic initiatives and development. In addition, certain of our employees, including our named executive officers, may participate in profit sharing initiatives whereby these individuals may receive allocations of investment income from Blackstone's firm investments. Our employees, including our named executive officers, may also receive equity awards in our investment advisory clients and/or be allocated securities of such clients that we have received.

(a) *Carried Interest.* Distributions of carried interest in cash (or, in some cases, in-kind) to our named executive officers and other employees who participate in our Performance Plans relating to our carry funds depends on the realized proceeds and timing of the cash realizations of the investments owned by the carry funds in which they participate. Our carry fund agreements also set forth specified preconditions to a carried interest distribution, which typically include that there must have been a positive return on the relevant investment and that the fund must be above its carried interest hurdle rate. In addition, as described below, employees or senior managing directors may also be required to have fulfilled specified service requirements in order to be eligible to receive carried interest distributions. For our carry funds, carried interest distributions for the named executive officer's participation interests are generally made to the named executive officer following the actual realization of the investment, although a portion of such carried interest is held back by the firm in respect of any future "clawback" obligation related to the fund. In allocating participation interests in the carry pools, we have not historically taken into account or based such allocations on any prior or projected triggering of any "clawback" obligation related to any fund. To the extent any "clawback" obligation were to be triggered, carried interest previously distributed to a named executive officer would have to be returned to the limited partners of such fund, thereby reducing the named executive officer's overall compensation for any such year. Moreover, because a carried interest recipient (including Blackstone itself) may have to fund more than his or her respective share of a "clawback" obligation under the

governing documents (generally, up to an additional 50%), there is the possibility that the compensation paid to a named executive officer for any given year could be significantly reduced or even negative in the event a "clawback" obligation were to arise.

Participation in carried interest generated by our carry funds for all participating named executive officers other than Mr. Schwarzman and Mr. James is subject to vesting. Vesting serves as an employment retention mechanism and thereby enhances the alignment of interests between a participant in our Performance Plans and the firm. For carried interest allocated on or prior to December 31, 2012 and carried interest earned in certain of our credit funds, each participating named executive officer (other than Mr. Schwarzman and Mr. James) vests in 25% of the carried interest related to an investment immediately upon the closing of the investment by a carry fund with the remainder vesting in equal installments on the first through third anniversary of the closing of that investment (unless an investment is realized prior to the expiration of such three-year anniversary, in which case such active executive officer is deemed 100% vested in the proceeds of such realizations). For carried interest allocated after December 31, 2012, the carried interest related to an investment vests in equal installments on the first through fourth anniversary of the closing of that investment (unless an investment is realized prior to the expiration of such four-year anniversary, in which case such active executive officer is deemed 100% vested in the proceeds of such realizations). In addition, any named executive officer who is retirement eligible will automatically vest in 50% of their otherwise unvested carried interest allocation upon retirement. (See "— Non-Competition and Non-Solicitation Agreements — Retirement.") We believe that vesting of carried interest participation enhances the stability of our senior management team and provides greater incentives for our named executive officers to remain at the firm. Due to his unique status as a founder and the long-time chief executive officer of our firm, Mr. Schwarzman vests in 100% of his carried interest participation related to any investment by a carry fund upon the closing of that investment. In recognition of his significant contributions to the firm and the value Mr. James continues to provide as Executive Vice Chairman, we have agreed that Mr. James is fully vested in his current carried interest participation and that he will continue to fully vest in any carried interest participation related to any investment by a carry fund upon the closing of that investment.

(b) *Incentive Fees.* Cash distributions of incentive fees to our named executive officers and other employees who participate in our Performance Plans relating to the funds that pay incentive fees depends on the performance of the investments owned by those funds in which they participate. For our investment funds that pay incentive fees, those incentive fees are only paid to the firm and employees of the firm to the extent an applicable fund's portfolio of investments has profitably appreciated in value (in most cases above a specified level) during the applicable period and following the calculation of the profit split (if any) between the fund's general partner or investment adviser and the fund's investors, which occurs once a year (generally December 31 or June 30 of each year).

(c) *Investment Advisory Client Interests* . BXMT and Blackstone Residential Trust ("BXRT") are investment advisory clients of Blackstone. Compensation we receive from investment advisory clients in the form of securities may be allocated to employees and senior managing directors. For example, in 2018, Messrs. Schwarzman, Gray, James, and Chae were allocated restricted shares of listed common stock of BXMT in connection with investment advisory services provided by Blackstone to BXMT. Messrs. Schwarzman, Gray, James and Chae were also allocated restricted shares of BXRT in April 2018 and January 2019 (for performance in years 2017 and 2018 respectively). The value of these allocated restricted shares is reflected as "All Other Compensation" in the Summary Compensation Table.

5. Other Benefits . Upon the consummation of our initial public offering in June 2007, we entered into a founding member agreement with our founder, Mr. Schwarzman, which provides specified benefits to him following his retirement. (See "— Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2018 — Schwarzman Founding Member Agreement.") Mr. Schwarzman, Mr. Gray and Mr. James are provided certain security services, which may include home security systems and monitoring, and personal and related security services. These security services are provided for our benefit, and we consider the related expenses to be appropriate business expenses rather than personal benefits for Mr. Schwarzman, Mr. Gray and Mr. James. Nevertheless, the expenses associated with these security services are reflected in the "All Other Compensation" column of the Summary Compensation Table below. In addition, in 2018, we provided certain unused company-leased office space, and limited

administrative support, for use by certain individuals who work for the Education Finance Institute (EFI), a charitable organization formed by Mr. James, for which there was no incremental cost to Blackstone.

Determination of Incentive Compensation

As our founder, Mr. Schwarzman sets his own compensation and reserves final approval of each named executive officer's compensation, based on recommendations from Mr. Gray. For 2018, these decisions were based primarily on Mr. Schwarzman's and Mr. Gray's assessment of such named executive officer's individual performance, operational performance for the segments or product lines in which the officer serves or for which he has responsibility, and the officer's potential to enhance investment returns for the investors in our funds and service to our advisory clients, and to contribute to long-term unitholder value. In evaluating these factors, Mr. Schwarzman and Mr. Gray relied upon their judgment to determine the ultimate amount of a named executive officer's annual cash bonus payment and participation in carried interest, incentive fees and investment advisory client interests that was necessary to properly induce the named executive officer to seek to achieve our objectives and reward a named executive officer in achieving those objectives over the course of the prior year. Key factors that Mr. Schwarzman considered in making such determination with respect to Mr. Gray were his service as President and Chief Operating Officer, his role in overseeing the growth and operations of the firm, and his leadership on the strategic direction of the firm generally. Key factors that Mr. Schwarzman and Mr. Gray considered in making such determinations with respect to Mr. James were his role in helping develop new businesses, serving as a firm spokesman and managing strategic external relationships. Key factors that Mr. Schwarzman and Mr. Gray considered in making such determination with respect to Mr. Hill were his target annual bonus compensation of $7,150,000 pursuant to the terms of his withdrawal agreement as well as his leadership and oversight of our Hedge Fund Solutions business, including his role in the oversight and development of new products and strategies, and his leadership on strategic initiatives undertaken by the firm. Key factors that Mr. Schwarzman and Mr. Gray considered in making such determinations with respect to Mr. Chae were his leadership and oversight of our global finance, treasury, technology and corporate development function and his role in strategic initiatives undertaken by the firm. For 2018, Mr. Schwarzman and Mr. Gray also considered each named executive officer's prior year annual cash bonus payments, indicative participation interests disclosed to the named executive officer at the beginning of the year, his allocated share of performance interests through participation in our Performance Plans, the appropriate balance between incentives for long-term and short-term performance, and the compensation paid to the named executive officer's peers within the firm.

Minimum Retained Ownership Requirements

The minimum retained ownership requirements for our named executive officers are described below under "— Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2018 — Terms of Blackstone Holdings Partnership Units Granted in 2018 and Prior Years — Minimum Retained Ownership Requirements."

Compensation Committee Report

The board of directors of our general partner does not have a compensation committee. The members of the executive committee of the board of directors identified below have reviewed and discussed with management the foregoing Compensation Discussion and Analysis and, based on such review and discussion, have determined that the Compensation Discussion and Analysis should be included in this annual report.

Stephen A. Schwarzman, Chairman
Hamilton E. James
Bennett J. Goodman
Jonathan D. Gray

Compensation Committee Interlocks and Insider Participation

As described above, we do not have a compensation committee. Our founder Mr. Schwarzman makes all such compensation determinations based in large part on recommendations from Mr. Gray. For a description of certain

Table of Contents

transactions between us and Mr. Schwarzman, see "— Item 13. Certain Relationships and Related Transactions, and Director Independence."

Summary Compensation Table

The following table provides summary information concerning the compensation of our Chief Executive Officer, our Chief Financial Officer and each of our three other most highly compensated employees who served as executive officers at December 31, 2018, for services rendered to us. These individuals are referred to as our named executive officers in this annual report.

Name and Principal Position	Year	Salary	Bonus (a)	Stock Awards (b)	All Other Compensation (c)	Total
Stephen A. Schwarzman	2018	$ 350,000	$ —	$ —	$ 68,797,028	$ 69,147,028
Chairman and Chief	2017	$ 350,000	$ —	$ —	$ 125,169,429	$ 125,519,429
Executive Officer	2016	$ 350,000	$ —	$ —	$ 46,618,924	$ 46,968,924
Jonathan D. Gray	2018	$ 350,000	$ 10,000,000	$ —	$ 47,470,560	$ 57,820,560
President and Chief	2017	$ 350,000	$ 25,797,554	$ 6,040,668	$ 131,861,776	$ 164,049,998
Operating Officer	2016	$ 350,000	$ 21,608,501	$ 8,314,138	$ 56,367,198	$ 86,639,837
Hamilton E. James	2018	$ 350,000	$ 28,785,507	$ —	$ 37,108,062	$ 66,243,569
Executive Vice Chairman	2017	$ 350,000	$ 45,978,814	$ —	$ 61,426,748	$ 107,755,562
	2016	$ 350,000	$ 37,497,853	$ —	$ 20,446,203	$ 58,294,056
Michael S. Chae	2018	$ 350,000	$ 5,702,045	$ 1,398,751	$ 6,865,619	$ 14,316,416
Chief Financial Officer	2017	$ 350,000	$ 6,634,789	$ 27,723	$ 11,204,987	$ 18,217,499
	2016	$ 350,000	$ 5,144,258	$ 24,681,013	$ 2,585,167	$ 32,760,438
J. Tomilson Hill	2018	$ 350,000	$ 7,150,000	$ 12,720,673	$ 2,581,241	$ 22,801,914
Vice Chairman	2017	$ 350,000	$ 10,440,761	$ 6,679,195	$ 3,776,367	$ 21,246,323
	2016	$ 350,000	$ 7,524,212	$ 6,975,943	$ 1,551,849	$ 16,402,004

(a) The amounts reported in this column reflect the annual cash bonus payments made for performance in the indicated year.

The amount reported as "bonus" for 2018 for Mr. Chae is shown net of his mandatory deferral pursuant to the Deferred Compensation Plan. The deferred amount for 2018 for Mr. Chae was $1,347,954. For additional information on the Deferred Compensation Plan, see "— Nonqualified Deferred Compensation for 2018 — Narrative to Nonqualified Deferred Compensation for 2018 Table."

(b) The reference to "stock" in this table refers to deferred restricted Blackstone Holdings Partnership Units or deferred restricted common units. The amounts reported in this column represent the grant date fair value of stock awards granted for financial statement reporting purposes in accordance with GAAP pertaining to equity-based compensation. The assumptions used in determining the grant date fair value are set forth in Note 16. "Equity-Based Compensation" in the "Notes to Consolidated Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data."

Amounts reported for 2018 reflect 43,752 deferred restricted common units with a grant date fair value of $1,398,751 granted to Mr. Chae on January 11, 2019 for 2018 performance pursuant to the Deferred Compensation Plan. The grant date fair value of the stock award reflecting the deferred bonus amount is computed in accordance with GAAP and generally differs from the dollar amount of the portion of the bonus that is required to be deferred under the Deferred Compensation Plan. For additional information on the Deferred Compensation Plan, see "— Nonqualified Deferred Compensation for 2018 — Narrative to Nonqualified Deferred Compensation for 2018 Table."

Amounts reported for 2018 also reflect (1) 232,253 deferred restricted Blackstone Holdings Partnership Units granted to Mr. Hill on July 1, 2018 under the 2007 Equity Incentive Plan computed in accordance with GAAP, which amount generally differs from the dollar amount of the discretionary equity award which was determined in January 2017 and (2) the aggregate incremental fair value, computed as of the December 31, 2018 modification date in accordance with GAAP, with respect to the 176,085 deferred restricted Blackstone Holdings Partnership Units that we agreed to allow Mr. Hill to remain eligible to vest in following his resignation pursuant to the terms of his withdrawal agreement.

(c) Amounts reported for 2018 include distributions, whether in cash or in-kind, in respect of carried interest or incentive fee allocations relating to our Performance Plans to the named executive officer in 2018 as follows: $67,402,823 for Mr. Schwarzman, $46,199,160 for Mr. Gray, $36,784,952 for Mr. James, $6,777,981 for Mr. Chae and $2,581,241 for Mr. Hill, respectively. Any in-kind distributions in respect of carried interest are reported based on the market value of the securities distributed as of the date of distribution. For 2018, Messrs. Schwarzman, Gray, James and Chae were the only named executive officers who received such in-kind distributions. We have determined to present compensation relating to carried interest and incentive fees within the Summary Compensation Table in the year in which such compensation is paid to the named executive officer under the terms of the relevant Performance Plan. Accordingly, the amounts presented in the table differ from the compensation expense recorded by us on an accrual basis for such year in respect of carried interest and incentive fees allocable to a named executive officer, which accrued amounts for 2018 are separately disclosed in this footnote to the Summary Compensation Table. We believe that the presentation of the actual amounts of carried interest- and incentive fee-related compensation paid to a named executive officer during the year, instead of the amounts of compensation expense we have recorded on an accrual basis, most appropriately reflects the actual compensation received by the named executive officer and represents the amount most directly aligned with the named executive officer's actual performance. By contrast, the amount of compensation expense accrued in respect of carried interest and incentive fees allocable to a named executive officer can be highly volatile from year to year, with amounts accrued in one year being reversed in a following year, and vice versa, causing such amounts to be less useful as a measure of the compensation actually earned by a named executive officer in any particular year.

To the extent compensation expense recorded by us on an accrual basis in respect of carried interest or incentive fee allocations (rather than cash or in-kind distributions) were to be included for 2018, the amounts would be $95,187,196 for Mr. Schwarzman, $56,446,760 for Mr. Gray, $57,224,760 for Mr. James, $10,551,915 for Mr. Chae and $3,877,528 for Mr. Hill. For financial statement reporting purposes, the accrual of compensation expense is equal to the amount of carried interest and incentive fees related to performance fee revenues as of the last day of the relevant period as if the performance fee revenues in the funds generating such carried interest or incentive fees were realized as of the last day of the relevant period.

With respect to Messrs. Schwarzman, Gray, James and Chae, amounts shown for 2018 also include the value of restricted shares of listed common stock of BXMT allocated to such named executive officers based on the closing price of BXMT's common stock on the date of the award as follows: $1,116,422 for Mr. Schwarzman, $1,233,588 for Mr. Gray, $301,752 for Mr. James and $84,086 for Mr. Chae. These restricted shares will vest over three years with one-third of the shares vesting at the end of the first year after the date of the award and the remaining shares vesting in eight equal quarterly installments thereafter. In addition, with respect to Messrs. Schwarzman, Gray, James and Chae, amounts shown for 2018 include the value of restricted shares of BXRT stock allocated to such executive officers based on the date of the award as follows: $41,316 for Mr. Schwarzman, $32,813 for Mr. Gray, $12,750 for Mr. James and $3,552 for Mr. Chae. These restricted shares vested 25% on January 1, 2019 and vest 25% on January 1, 2020 and 50% on January 1, 2021.

With the exception of $236,467 of expenses related to security services in 2018 for Mr. Schwarzman and members of his family, any perquisites or other personal benefits provided to the other named executive officers were less than $10,000 and information regarding any such perquisites or other personal benefits has therefore not been included. As noted above under "— Compensation Discussion and Analysis — Compensation Elements for Named Executive Officers — Other Benefits," we consider the expenses for security services for Mr. Schwarzman to be for our benefit and appropriate business expenses rather than

personal benefits for Mr. Schwarzman. Mr. Schwarzman makes business and personal use of a car and driver and he and members of his family also make occasional business and personal use of an airplane in which we have a fractional interest and in each case he bears the full cost of such personal usage. In addition, certain Blackstone personnel administer personal matters for Mr. Schwarzman and certain matters for the Stephen A. Schwarzman Education Foundation ("SASEF"), and Mr. Schwarzman and SASEF, respectively, bear the full incremental cost to us of such personnel. There is no incremental expense incurred by us in connection with the use of any car and driver, airplane or personnel by Mr. Schwarzman as described above.

Grants of Plan-Based Awards in 2018

The following table provides information concerning unit awards granted in 2018 or, for deferred restricted common units granted under the Deferred Compensation Plan, with respect to 2018, to our named executive officers:

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (a)	Grant Date Fair Value of Stock and Option Awards (a)
Stephen A. Schwarzman	—	—	$ —
Jonathan D. Gray	—	—	$ —
Hamilton E. James	—	—	$ —
Michael S. Chae	1/11/2019	43,752(b)	$1,398,751
J. Tomilson Hill	7/1/2018	232,253(c)	$7,471,579
	12/31/2018	176,085(d)	$5,249,094

(a) The references to "stock" or "shares" in this table refer to deferred restricted Blackstone Holdings Partnership Units or our deferred restricted common units.

(b) Represents deferred restricted common units granted in 2019 under the Deferred Compensation Plan for 2018 performance. (See "— Nonqualified Deferred Compensation for 2018 — Narrative to Nonqualified Deferred Compensation for 2018 Table.") These grants are reflected in the "Stock Awards" column of the Summary Compensation Table in 2018.

(c) Represents deferred restricted Blackstone Holdings Partnership Units granted under our 2007 Equity Incentive Plan and reflects 2017 performance.

(d) Pursuant to the terms of Mr. Hill's withdrawal agreement, we agreed to modify the terms of Mr. Hill's outstanding unvested deferred restricted Blackstone Holdings Partnership Units to allow him to remain eligible to vest in the remaining 50% of such awards that otherwise would have been forfeited in connection with his resignation from the firm. This decision was accounted for as a modification for financial statement reporting purposes in accordance with GAAP and the amount reported reflects the aggregate incremental fair value, computed as of the December 31, 2018 modification date in accordance with GAAP, with respect to the following modified awards: 9,573 deferred restricted Blackstone Holdings Partnership Units granted on July 1, 2015; 27,493 deferred restricted Blackstone Holdings Partnership Units granted on July 1, 2016, 22,893 deferred restricted Blackstone Holdings Partnership Units granted on July 1, 2017; and 116,127 deferred restricted Blackstone Holdings Partnership Units granted on July 1, 2018.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2018

Terms of Blackstone Holdings Partnership Units Granted in 2018 and Prior Years

Our pre-IPO owners, including our named executive officers, received Blackstone Holdings Partnership Units in the reorganization in exchange for the contribution of their equity interests in our operating subsidiaries to

Blackstone Holdings and in exchange for their interests in carried interest relating to investments made by our carry funds prior to the date of the contribution. Subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings Partnerships, these partnership units may be exchanged for our common units as described under "— Item 13. Certain Relationships and Related Transactions, and Director Independence — Exchange Agreement" below.

Vesting Provisions . All of the Blackstone Holdings Partnership Units received in the reorganization by the named executive officers in exchange for the contribution of their equity interests in our operating subsidiaries to Blackstone Holdings are now fully vested. All of the Blackstone Holdings Partnership Units received in exchange for their interests in carried interest relating to investments made by our carry funds prior to the date of the contribution were fully vested.

The 981,883 deferred restricted Blackstone Holdings Partnership Units granted to Mr. Chae in 2016 under the 2007 Equity Incentive Plan vest annually in substantially equal installments over six years beginning on July 1, 2019.

Except as described below, unvested deferred restricted Blackstone Holdings Partnership Units are generally forfeited upon termination of employment. In addition, upon the death or permanent disability of a named executive officer, all of his or her unvested deferred restricted Blackstone Holdings Partnership Units held at that time will vest immediately. In connection with a named executive officer's termination of employment due to qualifying retirement, with respect to unvested deferred restricted Blackstone Holdings Partnership Units granted in 2015 and subsequent years, 50% of such units will continue to vest and be delivered over the vesting period, subject to forfeiture if the named executive officer violates any applicable provision of his employment agreement or engages in any competitive activity (as such term is defined in the applicable award agreement). (See "Non-Competition and Non-Solicitation Agreements — Retirement.") Further, in the event of a change in control (defined in the Blackstone Holdings partnership agreements as the occurrence of any person becoming the general partner of The Blackstone Group L.P. other than a person approved by the current general partner), any Blackstone Holdings Partnership Units and deferred restricted Blackstone Holdings Partnership Units will automatically be deemed vested as of immediately prior to such change in control.

All vested and unvested Blackstone Holdings Partnership Units and deferred restricted Blackstone Holdings Partnership Units (and our common units received in exchange for such Blackstone Holdings Partnership Units) held by a named executive officer will be immediately forfeited in the event the named executive officer materially breaches any of their restrictive covenants set forth in the non-competition and non-solicitation agreement outlined under "Non-Competition and Non-Solicitation Agreements" or their service is terminated for cause. Notwithstanding the foregoing, Mr. Schwarzman will not be required to forfeit more than 25% of the units held by him as of the date of his amended and restated founding member agreement.

Cash Distribution Equivalents. All unvested Blackstone Holdings Partnership Units and deferred restricted Blackstone Holdings Partnership Units are entitled to the payment of current cash distribution equivalents. In accordance with the SEC's rules, the current cash distribution equivalents are not required to be reported in the Summary Compensation Table because the amounts of future cash distributions are factored into the grant date fair value of the awards.

Minimum Retained Ownership Requirements . For units granted in 2014 and prior years, while employed by us and generally for one year following the termination of employment, each of our named executive officers (except as otherwise provided below) will be required to continue to hold (and may not transfer) at least 25% of all vested units (other than vested units awarded under our Deferred Compensation Plan) received by him or her; provided that, with respect to vested units received in connection with the reorganization, such percentage is reduced to 12.5% upon qualifying retirement. For units granted in 2015 and subsequent years each of our named executive officers (except as otherwise provided below) will be required to hold 25% of their vested units (other than vested units awarded under our Deferred Compensation Plan) until the earlier of (1) ten years after the applicable vesting

date and (2) one year following termination of employment. The requirement that one continue to hold at least 25% of such vested units is subject to the qualification in Mr. Schwarzman's case that in no event will he be required to hold units having a market value greater than $1.5 billion or hold units following termination of employment. Each of our named executive officers is in compliance with these minimum retained ownership requirements.

Transfer Restrictions . None of our named executive officers may transfer Blackstone Holdings Partnership Units other than pursuant to transactions or programs approved by our general partner.

This transfer restriction applies to sales, pledges of Blackstone Holdings Partnership Units, grants of options, rights or warrants to purchase Blackstone Holdings Partnership Units or swaps or other arrangements that transfer to another, in whole or in part, any of the economic consequences of ownership of the Blackstone Holdings Partnership Units other than as approved by our general partner. We expect that our general partner will approve pledges or transfers to personal planning vehicles beneficially owned by the families of our pre-IPO owners and charitable gifts, provided that the pledgee, transferee or donee agrees to be subject to the same transfer restrictions (except as specified above with respect to Mr. Schwarzman). Transfers to Blackstone are also exempt from the transfer restrictions.

The transfer restrictions set forth above will continue to apply generally for one year following the termination of employment of a named executive officer other than Mr. Schwarzman for any reason, except that the transfer restrictions set forth above will lapse upon death or permanent disability. The transfer restrictions will lapse in the event of a change in control (as defined above).

The Blackstone Holdings Partnership Units received by other Blackstone personnel in the reorganization and pursuant to the 2007 Equity Incentive Plan are also generally subject to the vesting and minimum retained ownership requirements and transfer restrictions applicable to our named executive officers other than Mr. Schwarzman, although non-senior managing directors were also generally subject to vesting in respect of a portion of the Blackstone Holdings Partnership Units received by such personnel in the reorganization in exchange for their interests in carried interest.

Schwarzman Founding Member Agreement

Upon the consummation of our initial public offering, we entered into a founding member agreement with Mr. Schwarzman. Although Mr. Schwarzman has informed the conflicts committee of the board of directors of our general partner that he has no current plan to retire, as previously disclosed, on March 1, 2018, we amended and restated this agreement, with the approval of the conflicts committee advised by independent counsel, to address certain retirement benefits to be received by Mr. Schwarzman. Mr. Schwarzman's agreement provides that he will remain our Chairman and Chief Executive Officer (or, as determined by Mr. Schwarzman, our Chairman or Executive Chairman) while continuing service with us and requires him to give us six months' prior written notice of intent to terminate service with us. The agreement provides that following retirement (or, if applicable, the date on which he ceases active service as a result of his permanent disability), Mr. Schwarzman will be provided with specified retirement benefits for the remainder of his life, including that he be permitted to retain his then current office and continue to be provided with administrative support, access to office services and a car and driver. Mr. Schwarzman will also continue to receive health benefits following his retirement until his death, subject to his continuing payment of the related health insurance premiums consistent with current policies. Finally, Mr. Schwarzman will also receive reimbursement for travel costs (including travel on personal aircraft) for Blackstone related business functions, annual home and personal security benefits, reasonable access to our Chief Legal Officer, reasonable access to certain events, legal representation for Blackstone related matters, and, subject to his continuing payment of costs and expenses related thereto, he will continue to be provided with offices, technology and support for his family office team at levels consistent with current practice. The agreement provides that, following Mr. Schwarzman's termination of service, he or related entities will remain entitled to receive awards of carried interest at reduced levels until the later of February 14, 2027 or the date of Mr. Schwarzman's death. The profit sharing percentage for any carried interest awarded in new funds launched after Mr. Schwarzman's

termination of service shall generally be set at 50% of the profit sharing percentage Mr. Schwarzman held in the most recent corresponding predecessor fund prior to his termination of employment or, in the case of new funds without a corresponding predecessor fund prior to Mr. Schwarzman's termination of service, a profit sharing percentage set at 50% of the median of the aggregate profit sharing percentages held by Mr. Schwarzman at the time of his termination of service. While currently Mr. Schwarzman is entitled to invest in or alongside our investment funds without being subject to management fees or carried interest, this has been extended to continue until ten years following the date of Mr. Schwarzman's death as to Mr. Schwarzman, his estate and related entities.

Senior Managing Director Agreements

Upon the consummation of our initial public offering, we entered into substantially similar senior managing director agreements with each of our named executive officers and other senior managing directors other than our founder. Senior managing directors who have joined the firm after our initial public offering have also entered into senior managing director agreements. The agreements generally provide that each senior managing director will devote substantially all of his or her business time, skill, energies and attention to us in a diligent manner. Each senior managing director will be paid distributions and benefits in amounts determined by Blackstone from time to time in its sole discretion. The agreements require us to provide the senior managing director with 90 days' prior written notice prior to terminating his or her service with us (other than a termination for cause). Additionally, the agreements require each senior managing director to give us 90 days' prior written notice of intent to terminate service with us and require the senior managing director to be placed on a 90-day period of "garden leave" following the senior managing director's termination of service (as further described under the caption "— Non-Competition and Non-Solicitation Agreements" below).

Outstanding Equity Awards at 2018 Fiscal Year End

The following table provides information regarding outstanding unvested equity awards made to our named executive officers as of December 31, 2018.

	Stock Awards (a)	
Name	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (b)
Stephen A. Schwarzman	—	$ —
Jonathan D. Gray	372,599	$11,107,176
Hamilton E. James	—	$ —
Michael Chae	1,040,272	$31,105,013
J. Tomilson Hill (c)	—	$ —

(a) The references to "stock" or "shares" in this table refer to unvested deferred restricted Blackstone Holdings Partnership Units and unvested deferred restricted common units granted under the Deferred Compensation Plan (including deferred restricted common units granted to Mr. Chae in 2019 in respect of 2018 performance). All amounts reported for Mr. Gray represent unvested deferred restricted common units granted under the Deferred Compensation Plan. The vesting terms of these awards are described under the captions "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2018 — Terms of Blackstone Holdings Partnership Units Granted in 2018 and Prior Years" above and "— Nonqualified Deferred Compensation for 2018 — Narrative to Nonqualified Deferred Compensation for 2018 Table" below.

(b) The dollar amounts shown under this column were calculated by multiplying the number of unvested deferred restricted Blackstone Holdings Partnership Units or unvested deferred restricted common units held by the named executive officer by the closing market price of $29.81 per Blackstone common unit on December 31, 2018, the last trading day of 2018, other than the deferred restricted common units granted in 2019 in respect of 2018 performance, which are valued as of the date of their grant.

(c) Mr. Hill's resignation constituted a "qualifying retirement" for purposes of his unvested deferred restricted Blackstone Holdings Partnership Units. In addition, pursuant to the terms of Mr. Hill's withdrawal agreement, we agreed to modify the terms of Mr. Hill's outstanding unvested deferred restricted Blackstone Holdings Partnership Units to allow him to remain eligible to vest in the remaining 50% of such awards that otherwise would have been forfeited in connection with his resignation from the firm. Accordingly, 100% of Mr. Hill's unvested deferred restricted Blackstone Holdings Partnership Units were considered vested and undelivered as of his December 31, 2018 resignation date. The undelivered deferred restricted common units that were granted to Mr. Hill pursuant to the Deferred Compensation Plan in 2018 in respect of 2017 performance, in 2017 in respect of 2016 performance and in 2016 in respect of 2015 performance were, in each case, considered vested on the date of grant due to his retirement eligibility on such dates and following Mr. Hill's resignation will be delivered over the applicable deferral period, subject to his continued compliance with the terms of his withdrawal agreement and his non-competition and non-solicitation agreement (as modified by the withdrawal agreement).

Option Exercises and Stock Vested in 2018

The following table provides information regarding the number of outstanding initially unvested equity awards made to our named executive officers that vested during 2018:

	Stock Awards (a)	
Name	Number of Shares Acquired on Vesting	Value Realized on Vesting (b)
Stephen A. Schwarzman	—	$ —
Jonathan D. Gray	107,707	$ 3,448,778
Hamilton E. James	—	$ —
Michael S. Chae	6,923	$ 221,674
J. Tomilson Hill (c)	439,882	$13,586,907

(a) The references to "stock" or "shares" in this table refer to deferred restricted Blackstone Holdings Partnership Units and our deferred restricted common units.

(b) The value realized on vesting is based on the closing market prices of our common units on the day of vesting.

(c) Mr. Hill's resignation constituted a "qualifying retirement" for purposes of his unvested deferred restricted Blackstone Holdings Partnership Units. In addition, pursuant to the terms of Mr. Hill's withdrawal agreement, we agreed to modify the terms of Mr. Hill's outstanding unvested deferred restricted Blackstone Holdings Partnership Units to allow him to remain eligible to vest in the remaining 50% of such awards that otherwise would have been forfeited in connection with his resignation from the firm. Accordingly, 100% of Mr. Hill's unvested deferred restricted Blackstone Holdings Partnership Units were considered vested and undelivered as of his December 31, 2018 resignation date. These deferred restricted Blackstone Holdings Partnership Units are scheduled to be delivered on the original vesting dates, subject to Mr. Hill's continued compliance with the terms of his withdrawal agreement and his non-competition and non-solicitation agreement (as modified by the withdrawal agreement) and are reflected in the Nonqualified Deferred Compensation for 2018 Table below.

Nonqualified Deferred Compensation for 2018

The following table provides information with respect to (1) undelivered deferred restricted common units that were granted to Messrs. James and Hill in 2015 pursuant to the Deferred Compensation Plan in respect of 2014 performance that were considered vested on the date of grant due to their retirement eligibility, (2) undelivered deferred restricted common units that were granted to Mr. Hill pursuant to the Deferred Compensation Plan in 2018 in respect of 2017 performance, in 2017 in respect of 2016 performance and in 2016 in respect of 2015 performance that, in each case, were considered vested on the date of grant due to his retirement eligibility (3) mandatorily deferred and vested, but undelivered, deferred restricted common units that were granted to Mr. Hill in 2014

pursuant to the Deferred Compensation Plan in respect of 2013 and (4) Mr. Hill's unvested of deferred restricted Blackstone Holdings Partnership Units that were considered vested and undelivered as of his December 31, 2018 resignation date.

Name	Executive Contributions in 2018	Registrant Contributions in 2018 (a)	Aggregate Earnings (Losses) in 2018 (b)	Aggregate Withdrawals/ Distributions (c)	Aggregate Balance at December 31, 2018 (d)
Stephen A. Schwarzman	$ —	$ —	$ —	$ —	$ —
Jonathan D. Gray	$ —	$ —	$ —	$ —	$ —
Hamilton E. James	$ —	$ —	$ 20,018	$ 238,778	$ —
Michael S. Chae	$ —	$ —	$ —	$ —	$ —
J. Tomilson Hill	$ —	$10,498,158	$642,441	$12,803,076	$20,515,719

(a) This column represents the 352,169 deferred restricted Blackstone Holdings Partnership Units that were considered vested as of Mr. Hill's December 31, 2018 resignation and which are scheduled to be delivered on the original vesting dates, subject to Mr. Hill's continued compliance with the terms of his withdrawal agreement and his non-competition and non-solicitation agreement (as modified by the withdrawal agreement). Of this amount, 232,253 deferred restricted Blackstone Holdings Partnership Units with a grant date fair value of $7,471,579 was also reported in the "Stock Awards" column of the Summary Compensation Table for the last completed fiscal year (see footnote (b) to the Summary Compensation Table).

(b) This column represents (1) the earnings/(losses) during 2018 on deferred restricted common units granted to Messrs. James and Hill pursuant to our Deferred Compensation Plan through the earlier of their delivery or December 31, 2018 and (2) the payment of current cash distribution equivalents on deferred restricted common units granted pursuant to the Deferred Compensation Plan to Mr. Hill in 2016 in respect of 2015, in 2017 in respect of 2016 and in 2018 in respect of 2017 through the earlier of their delivery or December 31, 2018. No portion of any earnings would be considered above-market or preferential and, accordingly, no earnings are reflected in the Summary Compensation Table.

(c) This column represents (1) the value of 6,832 and 343,057 deferred common units that were delivered to Messrs. James and Hill, respectively, in 2018 based on the closing market price per Blackstone common unit on the date(s) of delivery and (2) the payment of current cash distribution equivalents on deferred restricted common units granted pursuant to the Deferred Compensation Plan to Mr. Hill in 2016 in respect of 2015, in 2017 in respect of 2016 and in 2018 in respect of 2017.

(d) Represents the value as of December 31, 2018 of 336,047 deferred restricted common units and 352,169 deferred restricted Blackstone Holdings Partnership Units granted to Mr. Hill. With respect to Mr. Hill, $14,081,363 has been previously reported in the "Stock Awards" column of the Summary Compensation Table. The values set forth in this column are based on the closing market price of $29.81 per Blackstone common units on December 31, 2018.

Narrative to Nonqualified Deferred Compensation for 2018 Table

In 2007, we established our Deferred Compensation Plan (which we also refer to as our "Bonus Deferral Plan") for certain eligible employees of Blackstone and certain of its affiliates in order to provide such eligible employees with a pre-tax deferred incentive compensation opportunity and to enhance the alignment of interests between such eligible employees and Blackstone and its affiliates. The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan which provides for the automatic, mandatory deferral of a portion of each participant's annual cash bonus payment.

At the end of each year, the Plan Administrator (as defined in the Deferred Compensation Plan) selects plan participants in its sole discretion and notifies such individuals that they have been selected to participate in the Deferred Compensation Plan for such year. Participation is mandatory for those employees selected by the Plan Administrator to be participants. An individual, if selected, may not decline to participate in the Deferred Compensation Plan and an individual who is not so selected may not elect to participate in the Deferred Compensation Plan. The selection of participants is made on an annual basis; an individual selected to participate in

the Deferred Compensation Plan for a given year may not necessarily be selected to participate in a subsequent year. For 2018, all employees other than Mr. Schwarzman and Mr. James were deemed eligible to participate in the Deferred Compensation Plan, with the deferred amount (if any) determined in accordance with the table described below. For 2018, only Mr. Chae participated in the Deferred Compensation Plan for 2018.

In respect of the deferred portion of his or her annual cash bonus payment, each participant receives deferral units which represent rights to receive in the future a specified amount of common units or Blackstone Holdings Partnership Units or other equity-based awards under our 2007 Equity Incentive Plan, subject to vesting provisions described below. The amount of each participant's annual cash bonus payment deferred under the Deferred Compensation Plan is calculated pursuant to a deferral rate table using the participant's total annual incentive compensation, which generally includes such participant's annual cash bonus payment and any incentive fees earned in connection with our investment funds, and is subject to certain adjustments, including reductions for mandatory contributions to our investment funds. For deferrals of 2018 annual cash bonus payments, the deferral percentage was calculated on the basis set forth in the following table (or such other table that may be adopted by the Plan Administrator).

Portion of Annual Incentive	Marginal Deferral Rate Applicable to Such Portion	Effective Deferral Rate for Entire Annual Bonus (a)
$0 - 100,000	0%	0.0%
$100,001 - 200,000	15%	7.5%
$200,001 - 500,000	20%	15.0%
$500,001 - 750,000	30%	20.0%
$750,001 - 1,250,000	40%	28.0%
$1,250,001 - 2,000,000	45%	34.4%
$2,000,001 - 3,000,000	50%	39.6%
$3,000,001 - 4,000,000	55%	43.4%
$4,000,001 - 5,000,000	60%	46.8%
$5,000,000 +	65%	52.8%

(a) Effective deferral rates are shown for illustrative purposes only and are based on an annual cash payment equal to the maximum amount in the range shown in the far left column (which is assumed to be $7,500,000 for the last range shown).

Mandatory Deferral Awards. Generally, deferral units are satisfied by delivery of our common units in equal annual installments over the deferral period, which was three years for grants made in respect of years prior to 2012 and four years for grants made in respect of years 2012 and 2013 (with no partial-year delivery). In 2015, the Deferred Compensation Plan was amended to return the deferral period to three years for grants made in respect of 2014 and subsequent years. Delivery of our common units underlying vested deferral units is delayed until anticipated trading window periods to better facilitate the participant's liquidity to meet tax obligations. If the participant's employment is terminated for cause, the participant's undelivered deferral units (vested and unvested) will be immediately forfeited. Upon a change in control or termination of the participant's employment because of death, any undelivered deferral units (vested and unvested) will become immediately deliverable. Unvested bonus deferral awards in respect of 2014 and subsequent years will be forfeited upon resignation, will immediately vest and be delivered if the participant's employment is terminated without cause or because of disability and, in connection with a qualifying retirement, will continue to vest and be delivered over the applicable deferral period, subject to forfeiture if the participant violates any applicable provision of his or her employment agreement or engages in any competitive activity (as such term is defined in the Deferred Compensation Plan).

The 276,309 and 20,767 deferred restricted common units granted under the Deferred Compensation Plan to Mr. Gray and Mr. Chae, respectively, in 2017 for 2016 performance vested 33.3% on January 1, 2018 and 33.3% on

January 1, 2019 and vest 33.4% on January 1, 2020. The 172,788 and 793 deferred restricted common units granted under the Deferred Compensation Plan to Mr. Gray and Mr. Chae, respectively, in 2018 for 2017 performance vested 33.3% on January 1, 2019 and vest 33.3% on January 1, 2020 and 33.4% on January 1, 2021. The 46,814 deferred restricted common units granted under the Deferred Compensation Plan to Mr. Gray in 2016 for 2015 performance vested 33.3% on each of January 1, 2017 and January 1, 2018 and vest 33.3% on January 1, 2019. The 43,752 deferred restricted common units granted under the Deferred Compensation Plan to Mr. Chae in 2019 for 2018 performance vest 33.3% on January 1, 2020, 33.3.% on January 1, 2021 and 33.4% on January 1, 2022.

Potential Payments Upon Termination of Employment or Change in Control

Upon a change of control event where any person (other than a person approved by our general partner) becomes our general partner or a termination of employment because of death or disability, any unvested deferred restricted Blackstone Holdings Partnership Units or unvested deferred restricted common units held by any of our named executive officers will automatically be deemed vested as of immediately prior to such occurrence of such change of control or such termination of employment. Had such a change of control or such a termination of employment occurred on December 31, 2018, the last business day of 2018, each of our named executive officers would have vested in the following numbers of deferred restricted Blackstone Holdings Partnership Units and deferred restricted common units, having the following values based on our closing market price of $29.81 per Blackstone common unit on December 31, 2018, other than the deferred restricted common units granted to Mr. Chae in 2019 in respect of 2018 performance, which are valued as of the date of their grant: Messrs. Schwarzman and James had no outstanding unvested units at December 31, 2018; Mr. Gray — 372,599 deferred restricted common units with an aggregate value of $11,107,176 and Mr. Chae — 981,883 deferred restricted Blackstone Holdings Partnership Units and 58,389 deferred restricted common units with an aggregate value of $31,105,013. In addition, the Deferred Compensation Plan provides that upon a change in control or termination of the participant's employment because of death, any fully vested but undelivered deferred restricted common units will become immediately deliverable.

In connection with a named executive officer's termination of employment due to qualifying retirement, 50% of such units will continue to vest and be delivered over the vesting period, subject to forfeiture if the named executive officer violates any applicable provision of his employment agreement or engages in any competitive activity (as such term is defined in the applicable award agreement). (See "Non-Competition and Non-Solicitation Agreements — Retirement.") As of December 31, 2018, Mr. James was retirement eligible. Mr. James had no outstanding unvested units at December 31, 2018.

Upon a termination of Mr. Gray's and Mr. Chae's employment without cause, the deferred restricted common units granted to them under the Deferred Compensation Plan in respect of 2018, 2017 and 2016, as applicable, will become fully vested. Had such a termination of employment occurred on December 31, 2018, the last business day of 2018, each of Mr. Gray and Mr. Chae would have vested in the following numbers of deferred restricted common units, respectively, having the following values based on our closing market price of $29.81 per Blackstone common unit on December 31, 2018, other than the deferred restricted common units granted to Mr. Chae in 2019 in respect of 2018 performance, which are valued as of the date of their grant: Mr. Gray — 372,599 deferred restricted common units with an aggregate value of $11,107,176 and Mr. Chae — 58,389 deferred restricted common units with a value of $1,835,080.

In addition, except as described below, unvested carried interest in our carry funds is generally forfeited upon termination of employment. Upon the death or disability of any named executive officer who participates in the carried interest of our carry funds, the named executive officer will be deemed 100% vested in any unvested portion of carried interest in our carry funds. Furthermore, any named executive officer that is retirement eligible will automatically vest in 50% of their otherwise unvested carried interest allocation upon retirement. (See "— Non-Competition and Non-Solicitation Agreements — Retirement.").

In addition, pursuant to Mr. Schwarzman's amended and restated founding member agreement described above under "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2018 — Schwarzman Founding Member Agreement," following retirement and for the remainder of his life, Mr. Schwarzman will be provided with specified retirement benefits, including a car and driver, retention of his current office, administrative support and annual home and personal security benefits. The value of such retirement benefits is estimated at approximately $885,000 per year based on 2018 costs. We have not assigned a value to the entitlements of Mr. Schwarzman and his estate and related entities to receive carried interest in new funds or to invest in our investment funds fee free following his termination of service as such value cannot be reasonably estimated. We anticipate that any incremental cost to us with respect to the other personal benefits to which Mr. Schwarzman is entitled following his retirement will be de minimis.

Withdrawal Agreement with J. Tomilson Hill

Effective December 31, 2018, Mr. Hill resigned from his position as a director and Vice Chairman of our general partner. In connection with his resignation, Mr. Hill entered into a withdrawal agreement with us on October 2, 2018. Under the terms of the withdrawal agreement, Mr. Hill agreed to enter into a general release of claims in favor of Blackstone and its related parties and affirmed his non-competition, non-solicitation, non-disparagement and confidentiality covenants contained in his non-Competition and non-solicitation agreement, subject to certain limited exceptions and clarifications. All payments and benefits are subject to Mr. Hill's timely execution and non-revocation of the release and compliance with these restrictive covenants.

Under the terms of the withdrawal agreement, Mr. Hill was entitled to receive total target annual cash compensation of $7,500,000 for 2018, subject to his continued service through December 31, 2018 and satisfaction of his transition responsibilities. Mr. Hill's resignation constituted a "qualifying retirement" for purposes of his deferred restricted common units (all of which were already considered vested but undelivered as a result of retirement eligibility at the time of grant), his deferred restricted Blackstone Holdings Partnership Units and his carried interest awards and, as such, subject to his continued compliance with the terms of the withdrawal agreement and his non-competition non-solicitation agreement (as modified by the withdrawal agreement), all of his deemed vested but undelivered deferred restricted common units will be delivered over the applicable deferral period, 50% of his deferred restricted Blackstone Holdings Partnership Units will be delivered on the original vesting dates and he will remain eligible to vest in 50% of his carried interest awards. In addition, pursuant to the terms of Mr. Hill's withdrawal agreement, we agreed to modify the terms of Mr. Hill's outstanding unvested deferred restricted Blackstone Holdings Partnership Units and carried interest awards to allow him to remain eligible to vest in the remaining 50% of such awards that otherwise would have been forfeited in connection with his resignation from the firm, subject to his continued compliance with the terms of the withdrawal agreement and his non-competition non-solicitation agreement (as modified by the withdrawal agreement). Accordingly, 100% of Mr. Hill's unvested deferred restricted Blackstone Holdings Partnership Units 352,169 deferred restricted Blackstone Holdings Partnership Units with a value of $10,498,158 were considered vested and undelivered as of his December 31, 2018 resignation date.

The withdrawal agreement also provides for Mr. Hill to receive a fully vested profit sharing percentage of 4% for all investments made by the Blackstone Strategic Capital Holdings ("BSCH") fund that closed prior to December 31, 2018, additional awards of up to 2.5% of the total "carry dollars" (as defined in the withdrawal agreement) created on new investments by the BSCH fund in which Mr. Hill has material involvement and 2% of the carry proceeds realized by Blackstone Capital Partners VI from its investment in First Eagle Investment Management. Mr. Hill will also remain eligible to participate in Blackstone's side-by-side or similar investment programs for 5 years following his resignation, in some cases without being subject to performance or management fees (but subject to an administrative charge) and subject to certain terms and conditions as further described in the withdrawal agreement. We have not assigned a value to the entitlements of Mr. Hill to receive carried interest in new funds or to invest in our investment funds fee free following his termination of service as such value cannot be reasonably estimated.

Non-Competition and Non-Solicitation Agreements

Upon the consummation of our initial public offering, we entered into a non-competition and non-solicitation agreement with our founder, our other senior managing directors, most of our other professional employees and specified senior administrative personnel to whom we refer collectively as "Contracting Employees." Contracting Employees who have joined the firm after our initial public offering have also executed non-competition and non-solicitation agreements. The following are descriptions of the material terms of each such non-competition and non-solicitation agreement. With the exception of the few differences noted in the description below, the terms of each non-competition and non-solicitation agreement are generally in relevant part similar.

Full-Time Commitment. Each Contracting Employee agrees to devote substantially all of his or her business time, skill, energies and attention to his or her responsibilities at Blackstone in a diligent manner. Our founder Mr. Schwarzman has agreed that our business will be his principal business pursuit and that he will devote such time and attention to the business of the firm as may be reasonably requested by us.

Confidentiality. Each Contracting Employee is required, whether during or after his or her employment with us, to protect and only use "confidential information" in accordance with strict restrictions placed by us on its use and disclosure. (Every employee of ours is subject to similar strict confidentiality obligations imposed by our Code of Conduct applicable to all Blackstone personnel.)

Notice of Termination. Each Contracting Employee is required to give us prior written notice of his or her intention to leave our employ — six months in the case of Mr. Schwarzman, 90 days for all of our other senior managing directors and between 30 and 60 days in the case of all other Contracting Employees.

Garden Leave. Upon his or her voluntary departure from our firm, a Contracting Employee is required to take a prescribed period of "garden leave." The period of garden leave is 90 days for our non-founding senior managing directors and between 30 and 60 days for all other Contracting Employees. During this period the Contracting Employee will continue to receive some of his or her Blackstone compensation and benefits, but is prohibited from commencing employment with a new employer until the garden leave period has expired. The period of garden leave for each Contracting Employee will run coterminously with the non-competition Restricted Period that applies to him or her as described below. Our founder Mr. Schwarzman is subject to non-competition covenants but not garden leave requirements.

Non-Competition. During the term of employment of each Contracting Employee, and during the Restricted Period (as such term is defined below) immediately thereafter, he or she will not, directly or indirectly:

- engage in any business activity in which we operate, including any competitive business,
- render any services to any competitive business, or
- acquire a financial interest in or become actively involved with any competitive business (other than as a passive investor holding minimal percentages of the stock of public companies).

"Competitive business" means any business that competes, during the term of employment through the date of termination, with our business, including any businesses that we are actively considering conducting at the time of the Contracting Employee's termination of employment, so long as he or she knows or reasonably should have known about such plans, in any geographical or market area where we or our affiliates provide our products or services.

Non-Solicitation. During the term of employment of each Contracting Employee, and during the Restricted Period immediately thereafter, he or she will not, directly or indirectly, in any manner solicit any of our employees to leave their employment with us, or hire any such employee who was employed by us as of the date of his or her termination or who left employment with us within one year prior to or after the date of his or her termination. Additionally, each Contracting Employee may not solicit or encourage to cease to work with us any consultant or senior advisers that he or she knows or should know is under contract with us.

In addition, during the term of employment of each Contracting Employee, and during the Restricted Period immediately thereafter, he or she will not, directly or indirectly, in any manner solicit the business of any client or prospective client of ours with whom he or she, employees reporting to him or her, or anyone whom he or she had direct or indirect responsibility over had personal contact or dealings on our behalf during the three-year period immediately preceding his or her termination. Contracting Employees who are employed in our asset management businesses are subject to a similar non-solicitation covenant with respect to investors and prospective investors in our investment funds.

Non-Interference and Non-Disparagement. During the term of employment of each Contracting Employee, and during the Restricted Period immediately thereafter, he or she may not interfere with business relationships between us and any of our clients, customers, suppliers or partners. Each Contracting Employee is also prohibited from disparaging us in any way.

Restricted Period. For purposes of the foregoing covenants, the "Restricted Period" will be:

Covenant	Stephen A. Schwarzman	Other Senior Managing Directors	Other Contracting Employees
Non-competition	Two years after termination of employment.	One year (six months for senior managing directors who are eligible to retire, as defined below) after termination of employment (which may be extended to 18 months in Blackstone's sole discretion).	Between 90 days and nine months after termination of employment.
Non-solicitation of Blackstone employees	Two years after termination of employment.	Two years after termination of employment.	Generally one year after termination of employment.
Non-solicitation of Blackstone clients or investors	Two years after termination of employment.	One year after termination of employment (which may be extended to 18 months in Blackstone's sole discretion).	Generally between six months and one year after termination of employment.
Non-interference with business relationships	Two years after termination of employment.	One year after termination of employment (which may be extended to 18 months in Blackstone's sole discretion).	Generally between six months and one year after termination of employment.

For individuals (other than Mr. Schwarzman) who became senior managing directors prior to January 1, 2018, the Restricted Period for the non-competition, non-solicitation of Blackstone clients or investors and non-interference with business relationships covenants is one year after termination of employment (or six months for those who are eligible to retire, as defined below).

Retirement . Blackstone personnel are eligible to retire if they have satisfied either of the following tests: (a) one has reached the age of 65 and has at least five full years of service with our firm; or (b) generally one has reached the age of 55 and has at least five full years of service with our firm and the sum of his or her age plus years of service with our firm totals at least 65.

Intellectual Property . Each Contracting Employee is subject to customary intellectual property covenants with respect to works created, invented, designed or developed by him or her that are relevant to or implicated by his or her employment with us.

Specific Performance . In the case of any breach of the confidentiality, non-competition, non-solicitation, non-interference, non-disparagement or intellectual property provisions by a Contracting Employee, the breaching individual agrees that we will be entitled to seek equitable relief in the form of specific performance, restraining orders, injunctions or other equitable remedies.

Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information regarding the ratio of the annual total compensation for our principal executive officer to the median of the annual total compensation of all our employees (other than our principal executive officer) (the "CEO Pay Ratio"). Our CEO Pay Ratio is a reasonable estimate calculated in a manner consistent with Item 402(u). However, due to the flexibility afforded by Item 402(u) in calculating the CEO Pay Ratio, our CEO Pay Ratio may not be comparable to the CEO pay ratios presented by other companies.

As of December 31, 2018, we employed approximately 2,615 people, including our 147 senior managing directors. We identified our median employee using our global employee population as of December 31, 2018. To identify our median employee, we used annual base salary and bonuses earned in 2018. We believe this consistently applied compensation measure reasonably reflects annual compensation across our employee base. Application of our consistently applied compensation measure identified six employees with the same total annual base salary and cash bonus earned in 2018. We identified our median employee from among these employees by reviewing the components of their annual total compensation and selecting the employee whose title, tenure and compensation characteristics most accurately reflected the compensation of a typical employee. After identifying our median employee, we calculated the median employee's annual total compensation in accordance with the requirements of the Summary Compensation Table. For 2018, the annual total compensation for Mr. Schwarzman, our principal executive officer, was $69,147,028 and our median employee's annual total compensation was $224,029. Accordingly, annual total compensation of our principal executive officer was approximately three hundred and nine times the annual total compensation of our median employee.

Director Compensation in 2018

No additional remuneration is paid to our employees for services as a director of our general partner. In 2018, each of our non-employee directors received an annual cash retainer of $150,000 and a grant of deferred restricted common units equivalent in value to $150,000, with a grant date fair value determined as described in footnote (a) to the first table below. An additional $30,000 annual cash retainer was paid to the Chairman of the Audit Committee during 2018. An additional $25,000 annual cash retainer was paid to Mr. Light in connection with his service on the executive committee of The Blackstone Group International Partners LLP.

In 2018, our Board of Directors reviewed our non-employee director compensation, which has remained unchanged since 2013, and determined it was appropriate to make a moderate increase in the annual compensation payable to our non-employee directors. Accordingly, beginning in 2019, each of our non-employee directors will receive an annual retainer of $360,000, $150,000 of which will continue to be paid in cash and the remainder of which will be paid in the form of a grant of deferred restricted common units equivalent in value to $210,000. The deferred restricted common units will continue to vest on the first anniversary of the date of the grant. An additional $40,000 annual retainer will be paid to the Chairman of the Audit Committee, $30,000 of which will be paid in cash and the remainder of which of will be paid in the form of deferred restricted common units equivalent in value to $10,000 and with the same vesting terms as the other deferred restricted common units. An additional $50,000 annual cash retainer will be paid to Mr. Light in connection with his service on the executive committee of The Blackstone Group International Partners LLP.

Table of Contents

The following table provides the director compensation for our directors for 2018:

Name	Fees Earned or Paid in Cash	Stock Awards (a) (b)	Total
Bennett J. Goodman (c)	$ —	$ —	$ —
James W. Breyer	$150,000	$149,854	$299,854
Peter T. Grauer (d)	$ 37,500	$292,114	$329,614
Sir John Hood	$ 94,758	$148,978	$243,736
Rochelle B. Lazarus	$150,000	$149,112	$299,112
Jay O. Light	$175,000	$150,420	$325,420
The Right Honorable Brian Mulroney	$150,000	$150,262	$300,262
William G. Parrett	$180,000	$148,196	$328,196

(a) The references to "stock" in this table refer to our deferred restricted common units. Amounts for 2018 represent the grant date fair value of stock awards granted in the year, computed in accordance with GAAP, pertaining to equity-based compensation. The assumptions used in determining the grant date fair value are set forth in Note 16. "Equity-Based Compensation" in the "Notes to Consolidated Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data." These deferred restricted common units vest, and the underlying Blackstone common units will be delivered, on the first anniversary of the date of the grant, subject to the outside director's continued service on the board of directors of our general partner. The amount reported for Mr. Grauer also includes the incremental fair value, computed in accordance with GAAP, with respect to the accelerated vesting of his 2018 deferred restricted common unit award (see footnote (d) below).

(b) Each of our non-employee directors was granted deferred restricted common units upon appointment as a director. In 2018, in connection with the anniversary of his initial grant, each of the following directors was granted deferred restricted common units: Ms. Lazarus — 4,247 units; Mr. Light — 4,008 units; Mr. Mulroney — 4,632 units; Mr. Parrett — 4,360 units; Mr. Grauer — 4,101; and Mr. Breyer — 4,256. In addition, Mr. Hood was granted 4,778 common units upon his appointment as a director in 2018. The amounts of our non-employee directors' compensation were approved by the board of directors of our general partner upon the recommendation of our founder following his review of directors' compensation paid by comparable companies.

The following table provides information regarding outstanding unvested equity awards made to our directors as of December 31, 2018:

	Stock Awards (1)	
Name	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (2)
James W. Breyer	4,256	$126,871
Peter T. Grauer	—	$ —
Sir John Hood	4,778	$142,432
Rochelle B. Lazarus	4,247	$126,603
Jay O. Light	4,008	$119,478
The Right Honorable Brian Mulroney	4,632	$138,080
William G. Parrett	4,360	$129,972

(1) The references to "stock" or "shares" in this table refer to our deferred restricted common units.

(2) The dollar amounts shown in this column were calculated by multiplying the number of unvested deferred restricted common units held by the director by the closing market price of $29.81 per Blackstone common unit on December 31, 2018, the last trading day of 2018.

(c) Mr. Goodman is an employee and no additional remuneration is paid to him for his service as a director of our general partner. Mr. Goodman's employee compensation is discussed in "— Item 13. Certain Relationships and Related Transactions, and Director Independence."

(d) Mr. Grauer resigned from the board of directors of our general partner effective January 30, 2018. In connection with his departure and in recognition of his years of service to Blackstone, the board of directors of our general partner determined that it was appropriate to fully vest his 2018 deferred restricted common unit award granted on January 26, 2018. The decision to vest his 2018 deferred restricted common unit award was accounted for as a modification for financial statement reporting purposes in accordance with GAAP and the amount reported in the "Stock Awards" column for 2018 for Mr. Grauer includes the incremental fair value, computed as of the February 26, 2018 modification date in accordance with GAAP, with respect to the modified award.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding the beneficial ownership of our common units and Blackstone Holdings Partnership Units as of February 22, 2019 by:

- each person known to us to beneficially own 5% of any class of the outstanding voting securities of The Blackstone Group L.P.;
- each member of our general partner's board of directors;
- each of the named executive officers of our general partner; and
- all directors and executive officers of our general partner as a group.

The amounts and percentage of units beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days of February 22, 2019. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all units shown as beneficially owned by

them, subject to community property laws where applicable. Unless otherwise included, for purposes of this table, the principal business address for each such person is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

Name of Beneficial Owner	Common Units, Beneficially Owned		Blackstone Holdings Partnership Units Beneficially Owned (a)	
	Number	% of Class	Number	% of Class
5% Unitholders:				
None	—	—	—	—
Directors and Executive Officers (b)(c)				
Stephen A. Schwarzman (d)(e)	—	—	231,924,793	47.0%
Hamilton E. James (e)	20,497	*	30,380,300	6.2%
J. Tomilson Hill (e)(f)	2,873,884	*	13,740,188	2.8%
Bennett J. Goodman (e)(f)	357,092	*	4,890,345	1.0%
Jonathan D. Gray (e)	288,616	*	40,585,300	8.2%
Michael S. Chae (e)	14,110	*	5,831,432	1.2%
James W. Breyer	10,369	*	—	—
Rochelle B. Lazarus	38,293	*	—	—
Jay O. Light	54,505	*	—	—
The Right Honorable Brian Mulroney	160,092	*	—	—
William G. Parrett	80,543	*	—	—
All executive officers and directors as a group (14 persons)	4,196,371	*	328,138,241	66.6%

* Less than one percent

(a) Subject to certain requirements and restrictions, the partnership units of Blackstone Holdings are exchangeable for common units of The Blackstone Group L.P. on a one-for-one basis. A Blackstone Holdings limited partner must exchange one partnership unit in each of the five Blackstone Holdings Partnerships to effect an exchange for a common unit. See "Item 13. Certain Relationships and Related Transactions, and Director Independence — Exchange Agreement." Beneficial ownership of Blackstone Holdings Partnership Units reflected in this table has not been also reflected as beneficial ownership of the common units of The Blackstone Group L.P. for which such units may be exchanged.

(b) The units beneficially owned by the directors and executive officers reflected above do not include the following number of units that will be delivered to the respective individual more than 60 days after February 22, 2019: Mr. Hill — 61,853 deferred restricted Blackstone Holdings Partnership Units and 160,605 deferred restricted common units; Mr. Chae — 981,883 deferred restricted Blackstone Holdings Partnership Units and 51,202 deferred restricted common units; Mr. Goodman — 2,554,151 deferred restricted Blackstone Holdings Partnership Units; Mr. Gray — 207,295 deferred restricted common units; Mr. Mulroney — 4,632 deferred restricted common units; Mr. Parrett — 4,360 deferred restricted common units; Ms. Lazarus — 4,247 deferred restricted common units; Mr. Light — 4,008 deferred restricted common units; Mr. Breyer — 4,256 deferred restricted common units; Mr. Hood — 4,778 deferred restricted common units; and all other executive officers and directors as a group — 333,364 deferred restricted Blackstone Holdings Partnership Units and 220,485 deferred restricted common units.

(c) The Blackstone Holdings Partnership Units shown in the table above include the following number of vested units being held back under our minimum retained ownership requirements: Mr. Schwarzman — 44,576,523 Blackstone Holdings Partnership Units; Mr. James — 14,648,744 Blackstone Holdings Partnership Units; Mr. Hill — 2,444,332 Blackstone Holdings Partnership Units; Mr. Goodman — 1,204,264 Blackstone Holdings Partnership Units; Mr. Gray — 11,477,971 Blackstone Holdings Partnership Units; Mr. Chae — 3,182,160 Blackstone Holdings Partnership Units; and all other executive officers and directors as a group — 274,202 Blackstone Holdings Partnership Units.

(d) On those few matters that may be submitted for a vote of the limited partners of The Blackstone Group L.P., Blackstone Partners L.L.C., an entity wholly owned by our senior managing directors, holds a special voting

unit in The Blackstone Group L.P. that provides it with an aggregate number of votes on any matter that may be submitted for a vote of our common unitholders that is equal to the aggregate number of vested and unvested Blackstone Holdings Partnership Units held by the limited partners of Blackstone Holdings on the relevant record date and entitles it to participate in the vote on the same basis as our common unitholders. Our senior managing directors have agreed in the limited liability company agreement of Blackstone Partners L.L.C. that our founder, Mr. Schwarzman, will have the power to determine how the special voting unit held by Blackstone Partners L.L.C. will be voted. Following the withdrawal, death or disability of Mr. Schwarzman (and any successor founder), this power will revert to the members of Blackstone Partners L.L.C. holding a majority in interest in that entity. The limited liability company agreement of Blackstone Partners L.L.C. provides that at such time as Mr. Schwarzman should cease to be a founding member, Jonathan D. Gray will thereupon succeed Mr. Schwarzman as the sole founding member of Blackstone Partners L.L.C. If Blackstone Partners L.L.C. directs us to do so, we will issue special voting units to each of the limited partners of Blackstone Holdings, whereupon each special voting unitholder will be entitled to a number of votes that is equal to the number of vested and unvested Blackstone Holdings Partnership Units held by such special voting unitholder on the relevant record date.

(e) The Blackstone Holdings Partnership Units shown in the table above for such named executive officers and directors include (a) the following units held for the benefit of family members with respect to which the named executive officer or director, as applicable, disclaims beneficial ownership: Mr. Schwarzman —1,666,666 units held in various trusts for which Mr. Schwarzman is the investment trustee, Mr. James — 10,657,207 units held in various trusts for which Mr. James and his brother are trustees (but Mr. James does not have or share investment control with respect to the units), Mr. Hill — 5,636,348 units held in various trusts for which Mr. Hill's spouse is the investment trustee and 2,683,308 units held in a family limited liability company, Mr. Chae — 1,150,070 units held in a trust for which Mr. Chae is the investment trustee and Mr. Gray — 9,716,084 units held in a trust for which Mr. Gray is the investment trustee (b) the following units held in grantor retained annuity trusts for which the named executive officer or director, as applicable, is the investment trustee: Mr. Schwarzman — 3,178,116 units and Mr. Gray — 17,869,410 units, and (c) the following units held by a corporation for which the named executive officer is a controlling shareholder: Mr. Schwarzman — 1,438,529 units and Mr. Goodman — 1,737,550 units owned by family limited liability companies. Mr. Schwarzman also directly, or through a corporation for which he is the controlling shareholder, beneficially owns an additional 364,278 partnership units in each of Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. In addition, with respect to Mr. Schwarzman, the above table excludes partnership units of Blackstone Holdings held by his children or in trusts for the benefit of his family as to which he has no voting or investment control.

(f) The Blackstone common units shown in the table above for each named executive officer and director include the following units held for the benefit of family members with respect to which the named executive officer or director, as applicable, disclaims beneficial ownership: Mr. James — 20,497 units held in a family limited liability company, Mr. Hill — 1,698,442 units held in family limited liability companies and Mr. Goodman — 357,092 units held in family limited liability companies.

Securities Authorized for Issuance under Equity Compensation Plans

The table set forth below provides information concerning the awards that may be issued under the 2007 Equity Incentive Plan as of December 31, 2018:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (b)
Equity Compensation Plans Approved by Security Holders	53,169,201	—	159,188,666
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	53,169,201	—	159,188,666

(a) Reflects the outstanding number of our deferred restricted common units and deferred restricted Blackstone Holdings Partnership Units granted under the 2007 Equity Incentive Plan as of December 31, 2018.

(b) The aggregate number of our common units and Blackstone Holdings Partnership Units covered by the 2007 Equity Incentive Plan is increased on the first day of each fiscal year during its term by a number of units equal to the positive difference, if any, of (a) 15% of the aggregate number of our common units and Blackstone Holdings Partnership Units outstanding on the last day of the immediately preceding fiscal year (excluding Blackstone Holdings Partnership Units held by The Blackstone Group L.P. or its wholly owned subsidiaries) minus (b) the aggregate number of our common units and Blackstone Holdings Partnership Units covered by the 2007 Equity Incentive Plan as of such date (unless the administrator of the 2007 Equity Incentive Plan should decide to increase the number of our common units and Blackstone Holdings Partnership Units covered by the plan by a lesser amount). As of January 1, 2019, pursuant to this formula, 171,502,746 units, which is equal to 0.15 times the number of our common units and Blackstone Holdings Partnership Units outstanding on December 31, 2018, were available for issuance under the 2007 Equity Incentive Plan. We have filed a registration statement and intend to file additional registration statements on Form S-8 under the Securities Act to register common units covered by the 2007 Equity Incentive Plan (including pursuant to automatic annual increases). Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, common units registered under such registration statement will be available for sale in the open market.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

Tax Receivable Agreements

We used a portion of the proceeds from the IPO and the sale of non-voting common units to Beijing Wonderful Investments to purchase interests in the predecessor businesses from the pre-IPO owners. In addition, holders of Blackstone Holdings Partnership Units (other than The Blackstone Group L.P.'s wholly owned subsidiaries), subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings partnerships, may up to four times each year (subject to the terms of the exchange agreement) exchange their Blackstone Holdings Partnership Units for The Blackstone Group L.P. common units on a one-for-one basis. A Blackstone Holdings limited partner must exchange one partnership unit in each of the Blackstone Holdings partnerships to effect an exchange for a common unit. Blackstone Holdings I L.P. and Blackstone Holdings II L.P. have made an election under Section 754 of the Internal Revenue Code effective for each taxable year in which an exchange of partnership units for common units occurs, which may result in an adjustment to the tax basis of the assets of such Blackstone Holdings partnerships at the time of an exchange of

partnership units. The purchase and subsequent exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of Blackstone Holdings that otherwise would not have been available. These increases in tax basis may increase (for tax purposes) depreciation and amortization and therefore reduce the amount of tax that certain of Blackstone's wholly owned subsidiaries that are taxable as corporations for U.S. federal income purposes would otherwise be required to pay in the future. One of the subsidiaries of The Blackstone Group L.P. which is a corporate taxpayer has entered into a tax receivable agreement with holders of Blackstone Holdings Partnership Units that provides for the payment by the corporate taxpayer to such holders of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the corporate taxpayers actually realize (or are deemed to realize in the case of an early termination payment by the corporate taxpayers or a change in control, as discussed below) as a result of these increases in tax basis and of certain other tax benefits related to our entering into tax receivable agreements, including tax benefits attributable to payments under the tax receivable agreement. Additional tax receivable agreements have been executed, and will continue to be executed, with newly-admitted Blackstone senior managing directors and certain others who acquire Blackstone Holdings Partnership Units. This payment obligation is an obligation of the corporate taxpayer and not of Blackstone Holdings. The corporate taxpayers expect to benefit from the remaining 15% of cash savings, if any, in income tax that they realize. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing the actual income tax liability of the corporate taxpayers to the amount of such taxes that the corporate taxpayer would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of Blackstone Holdings as a result of the exchanges and had the corporate taxpayers not entered into the tax receivable agreement. A limited partner of Blackstone Holdings may also elect to exchange his or her Blackstone Holdings Partnership Units in a tax-free transaction where the limited partner is making a charitable contribution. In such a case, the exchange will not result in an increase in the tax basis of the assets of Blackstone Holdings and no payments will be made under the tax receivable agreement. The term of the tax receivable agreement commenced upon consummation of our IPO and will continue until all such tax benefits have been utilized or expired, unless the corporate taxpayers exercise their right to terminate the tax receivable agreement for an amount based on the agreed payments remaining to be made under the agreement.

Assuming no future material changes in the relevant tax law and that the corporate taxpayers earn sufficient taxable income to realize the full tax benefit of the increased amortization of the assets, the expected future payments under the tax receivable agreement (which are taxable to the recipients) in respect of the purchase and exchanges will aggregate $796.9 million over the next 15 years. The after-tax net present value of these estimated payments totals $309.2 million assuming a 15% discount rate and using an estimate of timing of the benefit to be received. Future payments under the tax receivable agreement in respect of subsequent exchanges would be in addition to these amounts. The payments under the tax receivable agreement are not conditioned upon continued ownership of Blackstone equity interests by the pre-IPO owners and the others mentioned above.

Subsequent to December 31, 2018, payments totaling $87.3 million were made to certain pre-IPO owners and others mentioned above in accordance with the tax receivable agreement and related to tax benefits the Partnership received for the 2016 and 2017 taxable years. Those payments included payments of $11.2 million to Stephen A. Schwarzman and investment vehicles controlled by relatives of Mr. Schwarzman; $2.8 million to Hamilton E. James and a trust for which Mr. James is the investment trustee; $1.2 million to J. Tomilson Hill and his trusts for which Mr. Hill is the investment trustee; $0.7 million to Michael S. Chae and $0.2 million to Bennett J. Goodman and a limited liability company controlled by a family member of Mr. Goodman.

In addition, the tax receivable agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control, the corporate taxpayers' (or their successors') obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions, including that the corporate taxpayers would have sufficient taxable income to fully utilize the benefits arising from the increased tax deductions and tax basis and other similar benefits. Upon a subsequent actual exchange, any additional increase in tax deductions, tax basis and other similar benefits in excess of the amounts assumed at the change in control will also result in payments under the tax receivable agreement.

Decisions we make in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by an exchanging or selling holder of Blackstone Holdings Partnership Units, under the tax receivable agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under a tax receivable agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase the tax liability of a holder of Blackstone Holdings Partnership Units without giving rise to any rights of a holder of Blackstone Holdings Partnership Units to receive payments under any tax receivable agreements.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, the corporate taxpayers will not be reimbursed for any payments previously made under a tax receivable agreement. As a result, in certain circumstances, payments could be made under a tax receivable agreement in excess of the corporate taxpayers' cash tax savings.

Registration Rights Agreement

In connection with the restructuring and IPO, we entered into a registration rights agreement with our pre-IPO owners pursuant to which we granted them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act common units delivered in exchange for Blackstone Holdings Partnership Units or common units (and other securities convertible into or exchangeable or exercisable for our common units) otherwise held by them. In addition, newly-admitted Blackstone senior managing directors and certain others who acquire Blackstone Holdings Partnership Units have subsequently become parties to the registration rights agreement. Under the registration rights agreement, we agreed to register the exchange of Blackstone Holdings Partnership Units for common units by our holders of Blackstone Holdings Partnership Units. In June 2008, we filed a registration statement on Form S-3 with the Securities and Exchange Commission to cover future issuances from time to time of up to 818,008,105 common units to holders of Blackstone Holdings Partnership Units upon exchange of up to an equal number of such Blackstone Holdings Partnership Units. In addition, our founder, Stephen A. Schwarzman, has the right to request that we register the sale of common units held by holders of Blackstone Holdings Partnership Units an unlimited number of times and may require us to make available shelf registration statements permitting sales of common units into the market from time to time over an extended period. In addition, Mr. Schwarzman has the ability to exercise certain piggyback registration rights in respect of common units held by holders of Blackstone Holdings Partnership Units in connection with registered offerings requested by other registration rights holders or initiated by us.

Tsinghua University Education Foundation

As part of an initiative announced in 2013, Mr. Schwarzman, through the Stephen A. Schwarzman Education Foundation, personally committed $100 million to create and endow a post-graduate scholarship program at Tsinghua University in Beijing, entitled "Schwarzman Scholars," and fund the construction of a residential and academic building. He is leading a fundraising campaign to raise $500 million to support the "Schwarzman Endowment Fund." The Tsinghua University Education Foundation ("TUEF") will hold the Schwarzman Endowment Fund and has agreed to delegate management of the fund to Blackstone. We have agreed that TUEF, and certain entities affiliated with TUEF, will not be required to pay Blackstone a management fee for managing the Schwarzman Endowment Fund and, to the extent Blackstone allocates and invests assets of the Schwarzman Endowment Fund in our funds, which may take the form of funded or unfunded general partner commitments to our investment funds, we anticipate that such investments will be subject to reduced or waived management fees and/or carried interest.

Employment Agreement with Andrew Lapham

Andrew Lapham was an Executive Advisor to Blackstone from April 17, 2014 through December 31, 2016. From January 1, 2017 through April 30, 2018, Mr. Lapham was an employee of Blackstone. Mr. Lapham is the

son-in-law of Mr. Mulroney, who has been a member of the board of directors of our general partner since 2007. For 2018, pursuant to the terms of his Employment Agreement, Mr. Lapham received a salary of CAD 155,000.

Mr. Lapham also participated in the performance fees of our funds, consisting of carried interest in our carry funds. The compensation paid to Mr. Lapham in respect of carried interest in our carry funds related to Mr. Lapham's participation in the private equity and tactical opportunities funds. The amount of cash payments in respect of carried interest paid to Mr. Lapham for 2018 was $29,557.

Bennett J. Goodman

On February 24, 2015, Bennett J. Goodman was appointed to the board of directors of Blackstone Group Management L.L.C., the general partner of The Blackstone Group L.P. Mr. Goodman joined Blackstone in 2008 and is a Senior Managing Director and Co-Founder of GSO Capital Partners. For 2018, Mr. Goodman received a base salary of $350,000 and an annual cash bonus payment of $3,529,612. The cash payment was based upon the performance of the Credit segment, including the contribution of all current and past funds within the segment. The ultimate cash payment to Mr. Goodman was, however, determined in the discretion of Mr. Schwarzman and Mr. Gray.

Mr. Goodman also participated in the performance fees of our funds, consisting of carried interest in our carry funds and incentive fees in our funds that pay incentive fees. The compensation paid to Mr. Goodman in respect of carried interest in our carry funds primarily relates to Mr. Goodman's participation in the credit funds (which were formed both before and after the acquisition of GSO Capital Partners by Blackstone). The amount of cash payments in respect of carried interest or incentive fee allocations to Mr. Goodman for 2018 was $7,909,072. See "Executive Compensation — Compensation Elements for Named Executive Officers" in this report for additional discussion of the elements of our compensation program.

We recently amended Mr. Goodman's existing agreements to provide for a new multiyear retention arrangement consisting of a combination of cash, equity and carry opportunities. Under these arrangements, Mr. Goodman's base salary will be no less than $350,000 and he will be entitled to certain minimum annual or pro-rated cash bonus payments and carried interest and incentive fee allocations during his tenure. He also generally will fully vest in these carried interest and incentive fee allocations at the time of his retirement from Blackstone. Moreover, we amended the vesting terms of Mr. Goodman's outstanding deferred restricted Blackstone Holdings Partnership Units that were originally awarded in March 2015. Under the amended vesting terms (and unless earlier terminated by us for cause), Mr. Goodman's unvested units generally will continue to vest for up to eighteen additional months following his departure (based on a quarterly vesting cycle on the first day of January, April, July and October of each year). To further enhance Mr. Goodman's alignment with the firm, he will remain eligible to participate in Blackstone's side-by-side and similar investment programs for up to five years following his retirement, in some cases without being subject to management fees, carried interest or incentive fees.

Blackstone Holdings Partnership Agreements

As a result of the reorganization and the IPO, The Blackstone Group L.P. became a holding partnership and, through wholly owned subsidiaries, held equity interests in the five holdings partnerships (i.e., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and Blackstone Holdings V L.P.). On January 1, 2009, in order to simplify our structure and ease the related administrative burden and costs, we effected an internal restructuring to reduce the number of holding partnerships from five to four by causing Blackstone Holdings III L.P. to transfer all of its assets and liabilities to Blackstone Holdings IV L.P. In connection therewith, Blackstone Holdings IV L.P. was renamed Blackstone Holdings III L.P. and Blackstone Holdings V L.P. was renamed Blackstone Holdings IV L.P. On October 1, 2015, Blackstone formed a new holding partnership, Blackstone Holdings AI L.P., which holds certain operating entities and operates in a manner similar to the other Blackstone Holdings Partnerships. The economic interests of The Blackstone Group L.P. in Blackstone's business remains entirely unaffected. "Blackstone Holdings" refers to (a) Blackstone Holdings I L.P., Blackstone

Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and Blackstone Holdings V L.P. prior to the January 2009 reorganization, (b) Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. from January 1, 2009 through October 1, 2015 and (c) Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and Blackstone Holdings AI L.P. subsequent to the October 2015 creation of Blackstone Holdings AI L.P.

Wholly owned subsidiaries of The Blackstone Group L.P. which are the general partners of those partnerships have the right to determine when distributions will be made to the partners of Blackstone Holdings and the amount of any such distributions. If a distribution is authorized, such distribution will be made to the partners of Blackstone Holdings pro-rata in accordance with the percentages of their respective partnership interests as described under "Part II. Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Cash Distribution Policy."

Each of the Blackstone Holdings Partnerships has an identical number of partnership units outstanding, and we use the terms "Blackstone Holdings Partnership Unit" or "partnership unit in/of Blackstone Holdings" to refer, collectively, to a partnership unit in each of the Blackstone Holdings Partnerships. The holders of partnership units in Blackstone Holdings, including The Blackstone Group L.P.'s wholly owned subsidiaries, will incur U.S. federal, state and local income taxes on their proportionate share of any net taxable income of Blackstone Holdings. Net profits and net losses of Blackstone Holdings will generally be allocated to its partners (including The Blackstone Group L.P.'s wholly owned subsidiaries) pro-rata in accordance with the percentages of their respective partnership interests as described under "Part II. Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Cash Distribution Policy." The partnership agreements of the Blackstone Holdings Partnerships provide for cash distributions, which we refer to as "tax distributions," to the partners of such partnerships if the wholly owned subsidiaries of The Blackstone Group L.P. which are the general partners of the Blackstone Holdings Partnerships determine that the taxable income of the relevant partnership will give rise to taxable income for its partners. Generally, these tax distributions are computed based on our estimate of the net taxable income of the relevant partnership allocable to a partner multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the non-deductibility of certain expenses and the character of our income). Tax distributions are made only to the extent all distributions from such partnerships for the relevant year are insufficient to cover such tax liabilities.

Subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings Partnerships, Blackstone Holdings Partnership Units may be exchanged for The Blackstone Group L.P. common units as described under "— Exchange Agreement" below. In addition, the Blackstone Holdings partnership agreements authorize the wholly owned subsidiaries of The Blackstone Group L.P. which are the general partners of those partnerships to issue an unlimited number of additional partnership securities of the Blackstone Holdings Partnerships with such designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the Blackstone Holdings Partnership Units, and which may be exchangeable for our common units.

See "— Item 11. Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards in 2018 — Terms of Blackstone Holdings Partnership Units Granted in 2018 and Prior Years" for a discussion of vesting provisions applicable to Blackstone personnel in respect of the Blackstone Holdings Partnership Units received by them in the reorganization and for a discussion of minimum retained ownership requirements and transfer restrictions applicable to the Blackstone Holdings Partnership Units. The generally applicable vesting and minimum retained ownership requirements and transfer restrictions are outlined in the sections referenced in the preceding sentence. There may be some different arrangements for some individuals in some instances. In addition, we may waive these requirements and restrictions from time to time.

In addition, substantially all of our expenses, including substantially all expenses solely incurred by or attributable to The Blackstone Group L.P. but not including obligations incurred under the tax receivable agreement

by The Blackstone Group L.P.'s wholly owned subsidiaries, income tax expenses of The Blackstone Group L.P.'s wholly owned subsidiaries and payments on indebtedness incurred by The Blackstone Group L.P.'s wholly owned subsidiaries, are borne by Blackstone Holdings.

Exchange Agreement

In connection with the reorganization and IPO, we entered into an exchange agreement with the holders of partnership units in Blackstone Holdings (other than The Blackstone Group L.P.'s wholly owned subsidiaries). In addition, newly-admitted Blackstone senior managing directors and certain others who acquire Blackstone Holdings Partnership Units have subsequently become parties to the exchange agreement. Under the exchange agreement, subject to the vesting and minimum retained ownership requirements and transfer restrictions set forth in the partnership agreements of the Blackstone Holdings Partnerships, each such holder of Blackstone Holdings Partnership Units (and certain transferees thereof) may up to four times each year (subject to the terms of the exchange agreement) exchange these partnership units for The Blackstone Group L.P. common units on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Under the exchange agreement, to effect an exchange a holder of partnership units in Blackstone Holdings must simultaneously exchange one partnership unit in each of the Blackstone Holdings Partnerships. As a holder exchanges its Blackstone Holdings Partnership Units, The Blackstone Group L.P.'s indirect interest in the Blackstone Holdings Partnerships will be correspondingly increased.

Firm Use of Private Aircraft

Certain entities controlled by Mr. Schwarzman wholly own aircraft that we use for business purposes in the course of our operations. Mr. Schwarzman paid for his respective ownership interests in the aircraft himself and bore his respective share of all operating, personnel and maintenance costs associated with their operation. The hourly payments we made for such use were based on current market rates. In 2018, we made payments of $2.7 million for the use of such aircraft, which included $1.6 million paid directly to the managers of the aircraft.

An entity jointly controlled by Mr. James and another senior managing director of Blackstone wholly owns an airplane that we use for business purposes in the course of our operations. Each of Mr. James and the other senior managing director of Blackstone paid for his respective ownership interest in the aircraft himself and bore his respective share of the operating, personnel and maintenance costs associated with its operation. The hourly payments we made for such use were based on current market rates. In 2018, we made payments of $0.7 million to the manager of the aircraft for such use.

An entity controlled by Mr. Gray wholly owns an airplane that we use for business purposes in the course of our operations. Mr. Gray paid for his ownership interest in the aircraft himself and bore his respective share of the operating, personnel and maintenance costs associated with its operation. The hourly payments we made for such use were based on current market rates. In 2018, we made payments of $1.5 million for the use of such aircraft, which included $1.4 million paid directly to the manager of the aircraft for such use.

An entity controlled by Mr. Goodman, jointly with an entity controlled by a former senior managing director of Blackstone, owns an airplane that we use for business purposes in the course of our operations. Mr. Goodman paid for his ownership interest in the aircraft himself and bore his respective share of the operating, personnel and maintenance costs associated with its operation. The hourly payments we made for such use were based on current market rates. In 2018, we made payments of $0.9 million for the use of such aircraft, which included $0.7 million paid directly to the manager of the aircraft for such use.

Investment in or Alongside Our Funds

Our directors and executive officers may invest their own capital in or alongside our carry funds and other of our investment vehicles without being subject to management fees, carried interest or incentive fees. For our carry

funds, these investments may be made through the applicable fund general partner and fund a portion of the general partner capital commitments to our funds. In addition, our directors and executive officers may invest their own capital in our funds of hedge funds and credit-focused funds that are structured as hedge funds, in some instances, not subject to management fees, carried interest or incentive fees. These investment opportunities are available to all of our senior managing directors and to those of our employees whom we have determined to have a status that reasonably permits us to offer them these types of investments in compliance with applicable laws. During the year ended December 31, 2018, our directors and executive officers (and, in some cases, certain investment trusts or other family vehicles or charitable organizations controlled by them or their immediate family members) had the following gross contributions relating to their personal investments (and the investments of any such trusts) in Blackstone managed investment funds: Mr. James, Mr. Schwarzman, Mr. Gray, Mr. Goodman, Mr. Chae, Mr. Hill, Mr. Breyer, Ms. Solotar, Mr. Finley, Mr. Light, Mr. Parrett and Mr. Mulroney made gross contributions of $365.1 million, $225.8 million, $40.5 million, $22.8 million, $6.8 million, $6.7 million, $4.4 million, $3.0 million, $2.5 million, $0.4 million, $0.3 million and $0.1 million, respectively.

Statement of Policy Regarding Transactions with Related Persons

The board of directors of our general partner has adopted a written statement of policy regarding transactions with related persons, which we refer to as our “related person policy.” Our related person policy requires that a “related person” (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to the Chief Legal Officer of our general partner any “related person transaction” (defined as any transaction that is reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The Chief Legal Officer will then promptly communicate that information to the board of directors of our general partner. No related person transaction will be consummated without the approval or ratification of the board of directors of our general partner or any committee of the board of directors consisting exclusively of disinterested directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote of a related person transaction in which they have an interest.

Indemnification of Directors and Officers

Under our partnership agreement, in most circumstances we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts: our general partner; any departing general partner; any person who is or was an affiliate of a general partner or any departing general partner; any person who is or was a member, partner, tax matters partner, officer, director, employee, agent, fiduciary or trustee of us or our subsidiaries, the general partner or any departing general partner or any affiliate of ours or our subsidiaries, the general partner or any departing general partner; any person who is or was serving at the request of a general partner or any departing general partner or any affiliate of a general partner or any departing general partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another person; or any person designated by our general partner. We have agreed to provide this indemnification to the extent such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the partnership, and with respect to any alleged conduct resulting in a criminal proceeding against such person, to deny indemnification if such person had reasonable cause to believe that his or her conduct was unlawful. We have also agreed to provide this indemnification for criminal proceedings. Any indemnification under these provisions will only be out of our assets. Unless it otherwise agrees, the general partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to us to enable it to effectuate indemnification. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement.

We will also indemnify any of our employees who personally becomes subject to a “clawback” obligation to one of our investment funds in respect of carried interest that we have received. See “Part I. Item 1. Business — Incentive Arrangements / Fee Structure.”

Non-Competition and Non-Solicitation Agreements

We have entered into a non-competition and non-solicitation agreement with each of our professionals and other senior employees, including each of our executive officers. See "— Item 11. Executive Compensation — Non-Competition and Non-Solicitation Agreements" for a description of the material terms of such agreements.

Director Independence

Because we are a publicly traded limited partnership, the NYSE rules do not require our general partner's board to be made up of a majority of independent directors. All of the current non-management directors of our general partner's board of directors satisfy the independence requirements of the NYSE. These directors are Messrs. Breyer, Hood, Light, Mulroney and Parrett and Ms. Lazarus. In addition, Mr. Grauer, who resigned from the board of directors effective January 30, 2018, satisfied the independence requirements of the NYSE. Based on all relevant facts and circumstances, our general partner's board of directors affirmatively determined that the independent directors have no material relationship with us or our general partner. The board of directors of our general partner follows the following standards in determining director independence:

Under any circumstances, a director is not independent if:

- the director is, or has been within the preceding three years, employed by our general partner or us,
- an immediate family member of the director was employed as an executive officer of our general partner or us within the preceding three years,
- the director, or an immediate family member of that director, received within the preceding three years more than $120,000 in any twelve-month period in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service),
- the director is a current partner or employee of a firm that is our internal or external auditor; the director has an immediate family member who is a current partner of such a firm; the director has an immediate family member who is a current employee of such a firm and personally works on our audit; or the director or an immediate family member of that director was within the last three years a partner or employee of such a firm and personally worked on our or a predecessor's audit within that time,
- the director or an immediate family member is, or has been within the preceding three years, employed as an executive officer of another company where any of our general partner's present executive officers at the same time serves or served on such other company's compensation committee, or
- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the preceding three fiscal years, exceeds the greater of $1,000,000 or two percent (2%) of the consolidated gross revenues of the other company.

The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence:

- if the director or an immediate family member of that director serves as an executive officer, director or trustee of a charitable organization, and our annual charitable contributions to that organization (excluding contributions by us under any established matching gift program) are less than the greater of $1,000,000 or two percent (2%) of that organization's consolidated gross revenues in its most recent fiscal year, and
- if the director or an immediate family member of that director (or a company for which the director serves as a director or executive officer) invests in or alongside of one or more investment funds or investment companies managed by us or any of our subsidiaries, whether or not fees or other incentive arrangements for us or our subsidiaries are borne by the investing person.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table summarizes the aggregate fees for professional services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, the "Deloitte Entities"):

	Year Ended December 31, 2018			
	The Blackstone Group L.P.	Blackstone Entities, Principally Fund Related (c)	Blackstone Funds, Transaction Related (d)	Total
	(Dollars in Thousands)			
Audit Fees	$ 9,500(a)	$ 37,306	$ —	$ 46,806
Audit-Related Fees	—	191	25,473	25,664
Tax Fees	1,316(b)	54,216	14,145	69,677
All Other Fees	—	739	—	739
	$ 10,816	$ 92,452	$ 39,618	$142,886

	Year Ended December 31, 2017			
	The Blackstone Group L.P.	Blackstone Entities, Principally Fund Related (c)	Blackstone Funds, Transaction Related (d)	Total
	(Dollars in Thousands)			
Audit Fees	$ 9,715(a)	$ 35,189	$ —	$ 44,904
Audit-Related Fees	—	252	19,437	19,689
Tax Fees	1,100(b)	51,274	13,974	66,348
All Other Fees	—	168	—	168
	$ 10,815	$ 86,883	$ 33,411	$131,109

(a) Audit Fees consisted of fees for (1) the audits of our consolidated financial statements in our Annual Report on Form 10-K and services attendant to, or required by, statute or regulation, (2) reviews of the interim condensed consolidated financial statements included in our quarterly reports on Form 10-Q, and (3) consents and other services related to SEC and other regulatory filings.

(b) Tax Fees consisted of fees for services rendered for tax compliance and tax planning and advisory services.

(c) The Deloitte Entities also provide audit, audit-related and tax services (primarily tax compliance and related services) to certain Blackstone funds and other corporate entities.

(d) Audit-Related and Tax Fees included merger and acquisition due diligence services provided in connection with potential acquisitions of portfolio companies for investment purposes primarily to certain private equity and real estate funds managed by Blackstone in its capacity as the general partner. In addition, the Deloitte Entities provide audit, audit-related, tax and other services to the portfolio companies, which are approved directly by the portfolio company's management and are not included in the amounts presented here.

Our audit committee charter, which is available on our website at http://ir.blackstone.com under "Corporate Governance," requires the audit committee to approve in advance all audit and non-audit related services to be provided by our independent registered public accounting firm in accordance with the audit and non-audit related services pre-approval policy. All services reported in the Audit, Audit-Related, Tax and All Other Fees categories above were approved by the audit committee.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this annual report.

1. *Financial Statements:*

   See Item 8 above.

2. *Financial Statement Schedules:*

   Schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are not applicable, and therefore have been omitted.

3. *Exhibits:*

Exhibit Number	Exhibit Description
3.1	Certificate of Limited Partnership of The Blackstone Group L.P. (incorporated herein by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-141504) filed with the SEC on March 22, 2007).
3.2	Amended and Restated Agreement of Limited Partnership of The Blackstone Group L.P. (incorporated herein by reference to Exhibit 3.1 to Form 8-K (File No. 001-33551) filed with the SEC on June 27, 2007).
3.2.1	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of The Blackstone Group L.P., dated as of November 3, 2009 (incorporated herein by reference to Exhibit 3.2.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
3.2.2	Amendment No. 2 to the Amended and Restated Agreement of Limited Partnership of The Blackstone Group L.P., dated as of November 4, 2011 (incorporated herein by reference to Exhibit 3.2.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (File No. 001-33551) filed with the SEC on November 9, 2011).
4.1	Indenture dated as of August 20, 2009 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated August 20, 2009).
4.2	Second Supplemental Indenture dated as of September 20, 2010, among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on September 22, 2010).
4.3	Form of 5.875% Senior Note due 2021 (included in Exhibit 4.2 hereto).
4.4	Third Supplemental Indenture dated as of August 17, 2012 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on August 17, 2012).
4.5	Form of 4.750% Senior Note due 2023 (included in Exhibit 4.4 hereto).
4.6	Fourth Supplemental Indenture dated as of August 17, 2012 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on August 17, 2012).

Exhibit Number	Exhibit Description
4.7	Form of 6.250% Senior Note due 2042 (included in Exhibit 4.6 hereto).
4.8	Fifth Supplemental Indenture dated as of April 7, 2014 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on April 7, 2014).
4.9	Form of 5.000% Senior Note due 2044 (included in Exhibit 4.8 hereto).
4.10	Sixth Supplemental Indenture dated as of April 27, 2015 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on April 27, 2015).
4.11	Form of 4.450% Senior Note due 2045 (included in Exhibit 4.10 hereto).
4.12	Seventh Supplemental Indenture dated as of May 19, 2015 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., The Bank of New York Mellon, as trustee, and The Bank of New York Mellon, London Branch, as paying agent (incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on May 19, 2015).
4.13	Form of 2.000% Senior Note due 2025 (included in Exhibit 4.12 hereto).
4.14	Guarantor Joinder Agreement dated as of October 1, 2015 among Blackstone Holdings Finance Co. L.L.C., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., Blackstone Holdings AI L.P. and Citibank, N.A., as administrative agent (incorporated herein by reference to Exhibit 4.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
4.15	Eighth Supplemental Indenture dated as of October 1, 2015 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., Blackstone Holdings AI L.P. and The Bank of New York Mellon, as Trustee (incorporated herein by reference to Exhibit 4.17 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
4.16	Ninth Supplemental Indenture dated as of October 5, 2016 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P., The Bank of New York Mellon, as trustee, and The Bank of New York Mellon, London Branch, as paying agent (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on October 5, 2016).
4.17	Form of 1.000% Senior Note due 2026 (included in Exhibit 4.16 hereto).
4.18	Tenth Supplemental Indenture dated as of October 2, 2017 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on October 2, 2017).
4.19	Form of 3.150% Senior Note due 2027 (included in Exhibit 4.18 hereto).

Exhibit Number	Exhibit Description
4.20	Eleventh Supplemental Indenture dated as of October 2, 2017 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group L.P., Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC October 2, 2017).
4.21	Form of 4.000% Senior Note due 2047 (included in Exhibit 4.20 hereto).
10.1	Amended and Restated Limited Partnership Agreement of Blackstone Holdings I L.P., dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc. and the limited partners of Blackstone Holdings I L.P. party thereto (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.1.1	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Blackstone Holdings I L.P., dated as of November 3, 2009 (incorporated herein by reference to Exhibit 10.1.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.2	Amended and Restated Limited Partnership Agreement of Blackstone Holdings II L.P., dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc. and the limited partners of Blackstone Holdings II L.P. party thereto (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.2.1	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Blackstone Holdings II L.P., dated as of November 3, 2009 (incorporated herein by reference to Exhibit 10.2.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.3	Second Amended and Restated Limited Partnership Agreement of Blackstone Holdings III L.P., dated as of January 1, 2009, by and among Blackstone Holdings III GP L.L.C. and the limited partners of Blackstone Holdings III L.P. party thereto (incorporated herein by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.3.1	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Blackstone Holdings III L.P., dated as of November 3, 2009 (incorporated herein by reference to Exhibit 10.3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.4	Second Amended and Restated Limited Partnership Agreement of Blackstone Holdings IV L.P., dated as of January 1, 2009, by and among Blackstone Holdings IV GP L.P. and the limited partners of Blackstone Holdings IV L.P. party thereto (incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.4.1	Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Blackstone Holdings IV L.P., dated as of November 3, 2009 (incorporated herein by reference to Exhibit 10.4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 001-33551) filed with the SEC on November 6, 2009).
10.5	Amended and Restated Limited Partnership Agreement of Blackstone Holdings AI L.P., dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).

Exhibit Number	Exhibit Description
10.6	Tax Receivable Agreement, dated as of June 18, 2007, by and among Blackstone Holdings I/II GP Inc., Blackstone Holdings I L.P., Blackstone Holdings II L.P. and the limited partners of Blackstone Holdings I L.P. and Blackstone Holdings II L.P. party thereto (incorporated herein by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.7	Third Amended and Restated Exchange Agreement, dated as of October 1, 2015, among The Blackstone Group L.P., Blackstone Holdings AI L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and the Blackstone Holdings Limited Partners party thereto (incorporated herein by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.8	Registration Rights Agreement, dated as of June 18, 2007 (incorporated herein by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.9+	The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on July 9, 2014).
10.10+	The Blackstone Group L.P. Sixth Amended and Restated Bonus Deferral Plan effective as of December 1, 2014 (incorporated herein by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 (File No. 001-33551) filed with the SEC on February 27, 2015).
10.11+	Amended and Restated Founding Member Agreement of Stephen A. Schwarzman, dated as of March 1, 2018, by and among Blackstone Holdings I L.P. and Stephen A. Schwarzman (incorporated herein by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 001-33551) filed with the SEC on March 1, 2018).
10.12+	Form of Senior Managing Director Agreement by and among Blackstone Holdings I L.P. and each of the Senior Managing Directors from time to time party thereto (incorporated herein by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1/A (File No. 333-141504) filed with the SEC on June 14, 2007). (Applicable to all executive officers other than Mr. Schwarzman.)
10.13+	Form of Deferred Restricted Common Unit Award Agreement (Directors) (incorporated herein by reference to Exhibit 10.36 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 001-33551) filed with the SEC on August 8, 2008).
10.14+	Form of Deferred Restricted Blackstone Holdings Unit Award Agreement for Executive Officers (incorporated herein by reference to Exhibit 10.37 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 001-33551) filed with the SEC on November 7, 2008).
10.15+	Second Amended and Restated Limited Liability Company Agreement of BMA V L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BMA V L.L.C. (incorporated herein by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.16+	Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates International L.P., dated as of May 31, 2007, by and among BREA International (Cayman) Ltd. and certain limited partners (incorporated herein by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).

Table of Contents

Exhibit Number	Exhibit Description
10.16.1+	Amendment No. 1 dated as of January 1, 2008 to the Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates International L.P., dated as of May 31, 2007, by and among BREA International (Cayman) Ltd. and certain limited partners (incorporated herein by reference to Exhibit 10.19.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) filed with the SEC on May 15, 2008).
10.17+	Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates International II L.P., dated as of May 31, 2007, by and among BREA International (Cayman) II Ltd. and certain limited partners (incorporated herein by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.18+	Amendment No. 1 dated as of January 1, 2008 to the Second Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates International II L.P., dated as of May 31, 2007, by and among BREA International (Cayman) II Ltd. and certain limited partners (incorporated herein by reference to Exhibit 10.20.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) filed with the SEC on May 15, 2008).
10.19+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Management Associates IV L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Management Associates IV L.L.C. (incorporated herein by reference to Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.20+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Mezzanine Management Associates L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Mezzanine Management Associates L.L.C. (incorporated herein by reference to Exhibit 10.16 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.21+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Mezzanine Management Associates II L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Mezzanine Management Associates II L.L.C. (incorporated herein by reference to Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.22+	Second Amended and Restated Limited Liability Company Agreement of BREA IV L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA IV L.L.C. (incorporated herein by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.23+	Second Amended and Restated Limited Liability Company Agreement of BREA V L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA V L.L.C. (incorporated herein by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.24+	Second Amended and Restated Limited Liability Company Agreement of BREA VI L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA VI L.L.C. (incorporated herein by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).

Table of Contents

Exhibit Number	Exhibit Description
10.24.1+	Amendment No. 1 dated as of January 1, 2008 to the Second Amended and Restated Limited Liability Company Agreement of BREA VI L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of BREA VI L.L.C. (incorporated herein by reference to Exhibit 10.26.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) filed with the SEC on May 15, 2008).
10.25	Second Amended and Restated Limited Liability Company Agreement of Blackstone Communications Management Associates I L.L.C., dated as of May 31, 2007, by and among Blackstone Holdings III L.P. and certain members of Blackstone Communications Management Associates I L.L.C. (incorporated herein by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 001-33551) filed with the SEC on August 13, 2007).
10.26+	Amended and Restated Limited Liability Company Agreement of BCLA L.L.C., dated as of April 15, 2008, by and among Blackstone Holdings III L.P. and certain members of BCLA L.L.C. (incorporated herein by reference to Exhibit 10.28 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (File No. 001-33551) filed with the SEC on May 15, 2008).
10.27+	Third Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Management Associates Europe III L.P., dated as of June 30, 2008 (incorporated herein by reference to Exhibit 10.28 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 001-33551) filed with the SEC on August 8, 2008).
10.28+	Second Amended and Restated Limited Liability Company Agreement of Blackstone Real Estate Special Situations Associates L.L.C., dated as of June 30, 2008 (incorporated herein by reference to Exhibit 10.29 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 001-33551) filed with the SEC on August 8, 2008).
10.29+	BMA VI L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of July 31, 2008 (incorporated herein by reference to Exhibit 10.30 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 001-33551) filed with the SEC on November 7, 2008).
10.30+	Fourth Amended and Restated Limited Liability Company Agreement of GSO Associates LLC, dated as of March 3, 2008 (incorporated herein by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001- 33551) filed with the SEC on March 2, 2009).
10.31+	Amended and Restated Limited Liability Company Agreement of GSO Overseas Associates LLC, dated as of March 3, 2008 (incorporated herein by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.32+	Third Amended and Restated Limited Liability Company Agreement of GSO Capital Opportunities Associates LLC, dated as of March 3, 2008 (incorporated herein by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.33+	Third Amended and Restated Limited Liability Company Agreement of GSO Capital Opportunities Overseas Associates LLC, dated as of March 3, 2008 (incorporated herein by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).
10.34+	Amended and Restated Limited Liability Company Agreement of GSO Liquidity Overseas Associates LLC, dated as of March 3, 2008 (incorporated herein by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-33551) filed with the SEC on March 2, 2009).

Exhibit Number	Exhibit Description
10.35+	Blackstone / GSO Capital Solutions Associates LLC Second Amended and Restated Limited Liability Company Agreement, dated as of May 22, 2009 (incorporated herein by reference to Exhibit 10.40 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.36+	Blackstone / GSO Capital Solutions Overseas Associates LLC Second Amended and Restated Limited Liability Company Agreement, dated as of July 10, 2009 (incorporated herein by reference to Exhibit 10.41 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.37+	Blackstone Real Estate Special Situations Associates II L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of June 30, 2009 (incorporated herein by reference to Exhibit 10.42 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.38+	Blackstone Real Estate Special Situations Management Associates Europe L.P. Amended and Restated Agreement of Limited Partnership, dated as of June 30, 2009 (incorporated herein by reference to Exhibit 10.43 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.39+	BRECA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of May 1, 2009 (incorporated herein by reference to Exhibit 10.44 to the Registrant's Quarterly Report on 10-Q for the quarter ended June 30, 2009 (File No. 001-33551) filed with the SEC on August 7, 2009).
10.40	GSO Targeted Opportunity Associates LLC Amended and Restated Limited Liability Company Agreement, dated as of December 9, 2009 (incorporated herein by reference to Exhibit 10.48 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 001-33551) filed with the SEC on May 10, 2010).
10.41	GSO Targeted Opportunity Overseas Associates LLC Amended and Restated Limited Liability Company Agreement, dated as of December 9, 2009 (incorporated herein by reference to Exhibit 10.49 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 001-33551) filed with the SEC on May 10, 2010).
10.42	BCVA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of July 8, 2010 (incorporated herein by reference to Exhibit 10.50 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 001-33551) filed with the SEC on August 6, 2010).
10.43	Amended and Restated Agreement of Exempted Limited Partnership of MB Asia REA L.P., dated November 23, 2010 (incorporated herein by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-33551) filed with the SEC on February 25, 2011).
10.44	Amended and Restated Limited Liability Company Agreement of GSO SJ Partners Associates LLC, dated December 7, 2010, by and among GSO Holdings I L.L.C. and certain members of GSO SJ Partners Associates LLC thereto (incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (File No. 001-33551) filed with the SEC on May 6, 2011).
10.45+	Amended and Restated Exempted Limited Partnership Agreement of GSO Capital Opportunities Associates II LP, dated as of December 31, 2015 (incorporated herein by reference to Exhibit 10.53 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).

Table of Contents

Exhibit Number	Exhibit Description
10.46	Blackstone EMA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of August 1, 2011 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (File No. 001-33551) filed with the SEC on November 9, 2011).
10.47	Blackstone Real Estate Associates VII L.P. Amended and Restated Agreement of Limited Partnership, dated as of September 1, 2011 (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (File No. 001-33551) filed with the SEC on November 9, 2011).
10.47.1	Blackstone Real Estate Associates VII L.P. Second Amended and Restated Agreement of Limited Partnership, dated as of September 1, 2011 (incorporated herein by reference to Exhibit 10.53.1 to the Registrant's Annual Report on Form 10 K for the year ended December 31, 2011 (File No. 001-33551) filed with the SEC on February 28, 2012).
10.48	GSO Energy Partners-A Associates LLC Second Amended and Restated Limited Liability Company Agreement, dated as of February 28, 2012 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 001-33551) filed with the SEC on May 7, 2012).
10.49	BTOA L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of February 15, 2012 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 001-33551) filed with the SEC on May 7, 2012).
10.50+	Form of Deferred Holdings Unit Agreement for Senior Managing Directors (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 001-33551) filed with the SEC on August 7, 2012).
10.51+	Amended and Restated Limited Liability Company Agreement of Blackstone Commercial Real Estate Debt Associates L.L.C., dated as of November 12, 2010 (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 001-33551) filed with the SEC on August 7, 2012).
10.52+	Limited Liability Company Agreement of Blackstone Innovations L.L.C., dated November 2, 2012 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 001-33551) filed with the SEC on November 2, 2012).
10.53+	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Innovations (Cayman) III L.P., dated November 2, 2012 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 001-33551) filed with the SEC on November 2, 2012).
10.54+	GSO Foreland Resources Co-Invest Associates LLC Amended and Restated Limited Liability Company Agreement, dated as of August 10, 2012 (incorporated herein by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10 K for the year ended December 31, 2012 (File No. 001-33551) filed with the SEC on March 1, 2013).
10.55+	GSO Palmetto Opportunistic Associates LLC Amended and Restated Limited Liability Company Agreement, dated as of July 31, 2012 (incorporated herein by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10 K for the year ended December 31, 2012 (File No. 001-33551) filed with the SEC on March 1, 2013).
10.56+	Second Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Real Estate Associates Asia L.P., dated February 26, 2014 (incorporated herein by reference to Exhibit 10.63 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-33551) filed with the SEC on February 28, 2014).

Exhibit Number	Exhibit Description
10.57+	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Real Estate Associates Europe IV L.P., dated February 26, 2014 (incorporated herein by reference to Exhibit 10.64 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-33551) filed with the SEC on February 28, 2014).
10.58+	Aircraft Dry Lease Agreement between XB Partners LLC and Blackstone Administrative Services Partnership L.P. dated as of August 7, 2017 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 (File No. 001-33551) filed with the SEC on November 7, 2017).
10.59+*	Letter Agreement between Blackstone Holdings I L.P. and Bennett J. Goodman, dated November 12, 2018.
10.60+*	SMD Non-Competition and Non-Solicitation Agreement by and among Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P., Blackstone Holdings IV L.P. and Bennett J. Goodman, dated November 12, 2018.
10.61+	Form of Performance Earn Out Letter Agreement by and among Blackstone Holdings I L.P., GSO Holdings I L.L.C. and each of the GSO individuals party thereto (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.62+	Performance Earn Out Side Letter by and between Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. and Bennett J. Goodman dated February 24, 2015 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.63+	Form of Deferred Holdings Unit Agreement between The Blackstone Group L.P. and each GSO participant party thereto (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.64	Aircraft Dry Lease Agreement between 113CS LLC and Blackstone Administrative Services Partnership L.P., dated as of January 15, 2015 (incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-33551) filed with the SEC on May 8, 2015).
10.65+	Form of Special Equity Award – Deferred Holdings Unit Agreement under The Blackstone Group L.P. 2007 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (File No. 001-33551) filed with the SEC on August 6, 2015).
10.66+	Amended and Restated Agreement of Limited Partnership of BREP Edens Associates L.P., dated as of December 18, 2013 (incorporated herein by reference to Exhibit 10.76 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.67+	Amended and Restated Agreement of Exempt Limited Partnership of Blackstone AG Associates L.P., dated as of February 16, 2016 and deemed effective as of May 30, 2014 (incorporated herein by reference to Exhibit 10.77 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.68+	Amended and Restated Agreement of Limited Partnership of BREP OMP Associates L.P., dated as of June 27, 2014 (incorporated herein by reference to Exhibit 10.78 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).

Exhibit Number	Exhibit Description
10.69+	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone OBS Associates L.P., dated as of February 16, 2016 and deemed effective July 25, 2014 (incorporated herein by reference to Exhibit 10.79 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.70+	Amended and Restated Limited Liability Company Agreement of Blackstone EMA II L.L.C., dated as of October 21, 2014 (incorporated herein by reference to Exhibit 10.80 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.71+	Second Amended and Restated Agreement of Limited Partnership of Blackstone Liberty Place Associates L.P., dated as of February 9, 2015 (incorporated herein by reference to Exhibit 10.81 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.72+	Second Amended and Restated Agreement of Exempted Limited Partnership of BPP Core Asia Associates L.P., dated February 16, 2016 and deemed effective March 18, 2015 (incorporated herein by reference to Exhibit 10.82 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.73+	Second Amended and Restated Agreement of Exempted Limited Partnership of BPP Core Asia Associates-NQ L.P., dated as of February 16, 2016 and deemed effective March 18, 2015 (incorporated herein by reference to Exhibit 10.83 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.74+	Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Associates VIII L.P., dated as of March 27, 2015 (incorporated herein by reference to Exhibit 10.84 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.75+	Amended and Restated Limited Liability Company Agreement of BMA VII L.L.C., dated as of May 13, 2015 (incorporated herein by reference to Exhibit 10.85 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.76+	Amended and Restated Agreement of Exempt Limited Partnership of Blackstone Property Associates International L.P., dated as of February 16, 2016 and deemed effective as of July 15, 2015 (incorporated herein by reference to Exhibit 10.86 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.77+	Amended and Restated Agreement of Exempt Limited Partnership of Blackstone Property Associates International-NQ L.P., dated as of February 16, 2016 and deemed effective July 28, 2015 (incorporated herein by reference to Exhibit 10.87 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (File No. 001-33551) filed with the SEC on February 26, 2016).
10.78+	BTOA II L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of December 19, 2014 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (File No. 001-33551) filed with the SEC on August 4, 2016).
10.79+	Special Equity Award — Deferred Holdings Unit Agreement under The Blackstone Group L.P. 2007 Equity Incentive Plan (Chief Financial Officer) (Chief Financial Officer) (incorporated herein by reference to Exhibit 10.82 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-33551) filed with the SEC on February 24, 2017).

Exhibit Number	Exhibit Description
10.80+	Form of Deferred Holdings Unit Agreement under The Blackstone Group L.P. 2007 Equity Incentive Plan (2013 and 2014 awards) (incorporated herein by reference to Exhibit 10.83 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-33551) filed with the SEC on February 24, 2017).
10.81+	Amended and Restated Agreement of Exempted Limited Partnership of Blackstone Real Estate Associates Europe V L.P., dated May 8, 2017 and deemed effective March 1, 2016 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-33551) filed with the SEC on May 9, 2017).
10.82+	Amended and Restated Limited Liability Company Agreement of Blackstone CEMA L.L.C., dated February 9, 2016 (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 001-33551) filed with the SEC on August 8, 2017).
10.83	Aircraft Dry Lease Agreement between GH4 Partners LLC and Blackstone Administrative Services Partnership L.P. dated as of August 7, 2017 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 (File No. 001-33551) filed with the SEC on November 7, 2017).
10.84	Aircraft Dry Lease Agreement between GBBX Associates LLC, WLBX LLC and Blackstone Administrative Services Partnership L.P. dated as of August 7, 2017 (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 (File No. 001-33551) filed with the SEC on November 7, 2017).
10.85+	Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Debt Strategies Associates II L.P., dated February 15, 2018 and deemed effective as of April 17, 2013 (incorporated herein by reference to Exhibit 10.86 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 001-33551) filed with the SEC on March 1, 2018).
10.86+	Amended and Restated Agreement of Limited Partnership of Blackstone Real Estate Debt Strategies Associates III L.P., dated February 15, 2018 and deemed effective as of July 25, 2016 (incorporated herein by reference to Exhibit 10.87 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017 (File No. 001-33551) filed with the SEC on March 1, 2018).
10.87	Form of Aircraft Dry Lease Agreement between GH4 Partners LLC and Blackstone Administrative Services Partnership L.P. (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 001-33551) filed with the SEC on August 8, 2018).
10.88	Form of Aircraft Dry Lease Agreement between XB Partners LLC and Blackstone Administrative Services Partnership L.P. (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 001-33551) filed with the SEC on August 8, 2018).
10.89	Form of Aircraft Dry Lease Agreement between GBBX Associates LLC, WLBX LLC and Blackstone Administrative Services Partnership L.P. (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 001-33551) filed with the SEC on August 8, 2018).
10.90	Amended and Restated Credit Agreement dated as of March 23, 2010, as amended and restated as of May 29, 2014, as further amended and restated as of August 31, 2016, and as further amended and restated as of September 21, 2018, among Blackstone Holdings Finance Co. L.L.C., as borrower, Blackstone Holdings AI L.P., Blackstone Holdings I L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P., as guarantors, Citibank, N.A., as administrative agent and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33551) filed with the SEC on September 21, 2018).

Exhibit Number	Exhibit Description
10.91+*	Letter Agreement dated as of October 2, 2018 among Blackstone Holdings I L.P. and J. Tomilson Hill.
10.92+*	Amended and Restated Limited Partnership Agreement of BTOA III L.P., dated as of February 27, 2019 and deemed effective as of May 24, 2018.
10.93+*	Amended and Restated Deferred Holdings Unit Agreement under The Blackstone Group L.P. 2007 Equity Incentive plan between The Blackstone Group L.P. and the Participant named therein.
10.94+*	Form of Deferred Holdings Unit Agreement under The Blackstone Group L.P. 2007 Equity Incentive Plan.
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Deloitte & Touche LLP.
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
\+ Management contract or compensatory plan or arrangement in which directors or executive officers are eligible to participate.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

ITEM 16. FORM 10-K SUMMARY

None.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 1, 2019

The Blackstone Group L.P.

By: Blackstone Group Management L.L.C.,
its General Partner

/s/ Michael S. Chae

Name: **Michael S. Chae**
Title: **Chief Financial Officer**
(Principal Financial Officer and Authorized Signatory)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 1st day of March, 2019.

Table of Contents

Signature	Title
/s/ Stephen A. Schwarzman Stephen A. Schwarzman	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)
/s/ Bennett J. Goodman Bennett J. Goodman	Director
/s/ Jonathan D. Gray Jonathan D. Gray	Director
/s/ Sir John Antony Hood Sir John Antony Hood	Director
/s/ Hamilton E. James Hamilton E. James	Director
/s/ James W. Breyer James W. Breyer	Director
/s/ Rochelle B. Lazarus Rochelle B. Lazarus	Director
/s/ Jay O. Light Jay O. Light	Director
/s/ Brian Mulroney Brian Mulroney	Director
/s/ William G. Parrett William G. Parrett	Director
/s/ Michael S. Chae Michael S. Chae	Chief Financial Officer (Principal Financial Officer)
/s/ Christopher Striano Christopher Striano	Principal Accounting Officer (Principal Accounting Officer)

Exhibit 10.59

[Execution Copy]

As of November 12, 2018

Bennett J. Goodman

Dear Bennett:

We are pleased to confirm the terms relating to your continuing to be a Senior Managing Director (" SMD ") of the Firm (as defined below in this paragraph) effective as of the date hereof (the " Effective Date "). This letter (as from time to time amended in accordance with its terms and including for all purposes its Schedules, this " SMD Agreement ") set forth the terms of your status as an SMD of, and your association with, Blackstone (as defined below in this paragraph). " Blackstone " or " Blackstone Entities " means The Blackstone Group L.P. (the " Firm ") and its current and future Affiliates (as defined in Schedule A); provided that the terms "Blackstone" and "Blackstone Entities" do not include any investment fund affiliated with a Blackstone Entity or any portfolio company or underlying investment of any such investment fund affiliated with a Blackstone Entity. The limited liability company agreement, limited partnership agreement, or other governing agreement, of any Blackstone Entity, in each case now or hereafter in existence and as amended and/or restated, is herein called such Blackstone Entity's " Governing Agreement ." " Active Member " of a Blackstone Entity means a Person who is (i) a SMD and (ii) an active member or partner (excluding a withdrawn, retaining withdrawn or deceased member or partner) of such Blackstone Entity. In the event the provisions of this SMD Agreement conflict with the provisions of the Non-Competition Agreement (as defined below), the provisions of this SMD Agreement shall prevail.

1. Title; Reporting .

(a) While you are associated with Blackstone under this SMD Agreement, you will be an SMD of the Firm, a member of the Management Committee of Blackstone and Chairman of GSO, so long as you do not reduce your role during such period.

(b) During your association with Blackstone under this SMD Agreement you will report directly to Jonathan D. Gray, President and Chief Operating Officer of the Firm, or any successor as President (" JDG ").

(c) Subject in each case to compliance with all applicable Blackstone internal procedures and policies governing the exchange of information between business groups, (i) you will have reasonable access to other firm groups that may assist the Business (as defined below) from time to time as you may reasonably request and (ii) you will make reasonably available yourself and such other members of the personnel involved in the Business to provide insight and advice to other firm groups with respect to matters related to the Business and Blackstone's other businesses from time to time as Blackstone may reasonably request.

2. Distributions; Annual Draw; Benefits; Other Investments .

(a) *Annual Salary/Draw* . Effective as of your Effective Date, you initially will be entitled to take a draw at the annual rate of $350,000 (prorated for any portion of a calendar year in which you are not associated with Blackstone), payable in equal monthly installments against, first, your annual cash bonus and, thereafter, your allocable share of income from Blackstone Entities. You understand and agree that (x) the amounts and types of your distributions, compensation, profit sharing and benefits remain at all times subject to the sole discretion of Blackstone and are subject to change at any time; and (y) Blackstone may alter, amend, modify, discontinue or supplement any and all compensation, profit sharing, benefits, policies and programs at any time in its sole discretion, subject to the following:

i. The annual rate of your draw shall not be below $350,000.

ii. You shall be eligible to receive an annual discretionary bonus consistent for your role as a senior executive of GSO in respect of any calendar year during your service to Blackstone, provided, (1) your annual bonus in respect of each full calendar year during your service to Blackstone will not be less than Dwight Scott's annual bonus in each such year and (2) should your services with Blackstone terminate prior to the completion of a particular calendar year and you satisfy the Retention Conditions (as defined in the Non-Competition Agreement), you shall receive an annual bonus in respect of such calendar year, which will be prorated for any calendar year after 2019 on a basis equal to the number of fully completed quarters of service in such calendar year divided by four (with the amount of such bonus not less than Dwight Scott's annual bonus in such year, before giving effect to any proration).

iii. You shall be entitled to carried interest and incentive fee allocations for investments made through such period (which will not be less than Dwight Scott's s allocations for such period), subject to normal vesting; provided, that if you satisfy the Retention Conditions, you shall fully vest in all carried interest and incentive fee allocations through the date your service with Blackstone terminates, to the extent unvested (but at least through December 31, 2019).

iv. For the avoidance of doubt, for purposes of comparing Dwight Scott's annual cash discretionary bonus and carried interest and incentive fee allocations during each applicable period, the amounts will be based on the gross amounts before giving effect to the adjustments associated with the buyout arrangements made in 2015 and any one-time Blackstone equity-based special retention grants for Dwight Scott that do not affect ordinary course compensation opportunities will be excluded.

v. Any changes to the buy-out arrangements made in 2015 for Dwight Scott will also be offered to you.

(b) *Benefits* . You will also receive health care insurance and other benefits related to such health care insurance comparable to those provided to all SMDs. You hereby acknowledge that, as an SMD, you may be responsible for the payment of premiums and/or similar payments associated with such insurance and other benefits. You will also receive all other benefits generally available to SMDs of Blackstone from time to time (excluding Stephen A. Schwarzman (" SAS ")), but excluding benefits that are generally available only to SMDs (excluding SAS) within a particular business or group or one or more geographic regions (including, for example, all SMDs based outside of the United States), including five weeks of annual vacation (prorated for any calendar year in which you are an SMD for less than the entire calendar year).

(c) *Units* . During your association with Blackstone (in any capacity) and until the expiration of all transfer restrictions applicable to any interests you may have in any Blackstone entity, including limited partner interests or units you may hold of Blackstone Holdings (as defined in the SMD Non-Competition and Non-Solicitation Agreement, attached hereto as Schedule B (the " Non-Competition

Agreement ")) or The Blackstone Group L.P., respectively, and received pursuant to the terms of the Original Acquisition Agreement or the New Acquisition Agreement (collectively the " Units "), you agree (on behalf of yourself and any and all estate planning vehicles, partnerships or other legal entities controlled by or affiliated with you that hold Units (" Affiliated Vehicles ")) that all Units held by you and all such Affiliated Vehicles will only be held, to the extent that such Units of other SMDs generally are so held (excluding SAS), excluding any SMDs who are excluded as a result of their association with (or location within) a particular business or group or one or more geographic regions (including, for example, all SMDs based outside of the United States)), in an account at Blackstone's equity plan administrator or otherwise administered by such administrator, subject in each case to the terms of the Original Acquisition Agreement, the New Acquisition Agreement and any other agreement pursuant to which you receive such Units.

3. *Fund-of-Funds; Side-by-Side Investments* . While you remain associated with Blackstone:

(a) Funds of Funds . You will have the opportunity, but not the obligation, to invest personally in Blackstone's fund of funds investment products managed by Blackstone Alternative Asset Management L.P. (or its successor, " BAAM ") or such other Blackstone product offered generally to the SMDs of Blackstone from time to time (excluding SAS), but excluding products that are generally offered only to SMDs (excluding SAS) within one or more particular businesses, groups or geographic regions (including, for example, all SMDs based outside of the United States) as long as you serve as an SMD, subject to the same limitations on exclusions from management fees or incentive fees (in whole or in part) that are applicable to such other SMDs with respect to such investments; provided that you invest an amount in such investment products that is reasonably consistent with amounts invested therein by other similarly-situated SMDs, as determined by Blackstone.

(b) Side-by-Side Allocations . You will be allocated side-by-side investment opportunities (" SBS ") for each election period (subject to pro-ration for any portion of an annual election period in which you are not an SMD). For each annual election period, the aggregate amount of such allocation shall be divided among the Blackstone funds available to SMDs generally for SBS in proportion, as nearly as practicable, to the amounts of SBS available through the respective funds for such period. Your allocations shall be made available only if you can demonstrate to Blackstone that you are a "qualified purchaser" as defined under the Securities Act of 1933, as amended. You understand and agree that the amount of your SBS shall remain at all times subject to the sole discretion of Blackstone and is subject to change at any time, and Blackstone otherwise may alter, amend or discontinue all or any aspect of its SBS program at any time in its sole discretion. If you satisfy the Retention Conditions, Blackstone will (x) permit you to participate in side-by-side investment opportunities made available to other Blackstone SMDs for the three annual periods that include the year of your withdrawal at $1,500,000 per election period and (y) provide you the opportunity to participate in GSO investment opportunities made available to other Blackstone SMDs with respect to GSO funds that launch over the five-year period following your withdrawal in an amount not to exceed $5,000,000 per fund, subject, in each case, to your continued compliance with the Non-Competition Agreement; provided , that, in each case, all such investment opportunities can be scaled back by Blackstone on a proportionate basis with other current and former Blackstone SMDs and employees so as to accommodate fee-paying third party investors to the extent Blackstone determines is reasonably necessary in connection with the launch and operation of its funds. You will be assessed an administrative fee equivalent to fifty (50) basis points on any optionally elected commitments to such entities following your departure in accordance with Blackstone's general policy regarding former Blackstone SMDs.

(c) Financing Program . Unless otherwise prohibited by applicable law, for so long as the facilities are available to Blackstone SMDs generally, you will be eligible for consideration to participate in the programs whereby one or more banks provide financing to Blackstone's SMDs to assist them in funding their general partner commitments (as described below) and/or optional side-by-side investments that the SMDs elect to make. Your eligibility and your choice to participate in this program is subject to your meeting the relevant bank's applicable underwriting requirements.

(d) General Partner Commitments . You will be obligated to invest your allocable pro rata share of the Mandatory Commitment (as defined in the New Acquisition Agreement) on the same basis as other GSO SMDs generally.

4. Governing Agreements; Non-Competition .

(a) You acknowledge and agree that you have received and reviewed and are subject to all applicable provisions of the Blackstone compliance policies, including the Compliance Policies and Procedures Manual, Investment Adviser Compliance Policies and Procedures and its related supplements, and USA Patriot Act Anti-Money Laundering Policies, as well as Blackstone's Code of Business Conduct and Ethics (including the Code of Ethics for Financial Professionals, if applicable), GSO Capital Compliance Manual (for GSO SMDs) and the Employee Handbook and Business Continuity Plan (or in the case of UK-based SMDs, the U.K. AML Manual and U.K. Compliance Manual), a current copy of each of which has been made available to your counsel (collectively, the " Blackstone Compliance Policies ").

(b) You acknowledge that you have executed the Non-Competition Agreement and agree that the terms thereof are incorporated herein by reference.

(c) You agree to comply with the confidentiality restrictions set forth in the Non-Competition Agreement.

(d) Subject to Section 5.5 of the Agreement of Limited Partnership of The Blackstone Group L.P., you acknowledge and agree that becoming a party to this SMD Agreement does not afford you any rights with respect to the management and/or operation of Blackstone.

5. Termination; Resignation.

(a) You acknowledge and agree that Blackstone may terminate your service at any time for any reason, or for no reason at all with or without Cause; *provided* , however, that Blackstone shall provide you with notice of any termination without Cause such that the termination of your service occurs as of the first day of a calendar quarter (and you fully complete the quarter in which notice is given). During part or all of the period following such notice, Blackstone may elect to place you on paid leave. During any period of paid leave, you shall continue to receive your base draw and, subject to applicable law and the applicable benefit's governing documents, benefits (subject to the payment of benefits-related premiums) and shall receive or participate in any profit sharing or bonus arrangements (including participation in the carried interest program) as provided herein.

(b) Notwithstanding the foregoing, you acknowledge and agree that Blackstone may terminate your services hereunder for Cause in accordance with the terms of Schedule A hereto, including the provision of notice and opportunity to cure.

(c) You agree to provide Blackstone with notice of your intention to terminate your service with Blackstone at least 45 days prior to the date of such termination (the "Notice Period"). Notice pursuant to this Section 5(c) shall be provided to any of the Chief Executive Officer, Chief Operating Officer or Chief Legal Officer of Blackstone. During the Notice Period, you shall perform any and all duties consistent with your prior duties as directed by Blackstone, in its sole discretion.

(d) Unless the Retention Conditions have been satisfied, you shall be placed on garden leave status for a period commencing on the day following the conclusion of the Notice Period and continuing for ninety days thereafter (the "Garden Leave Period"). During the Garden Leave Period, you shall continue to receive your base draw and, subject to applicable law and the applicable benefit's governing documents, benefits, subject to the payment of related premiums, but shall not receive or participate in any profit sharing or bonus arrangements (including participation in the carried interest program). During the Garden Leave Period, you shall not be required to carry out any duties for or on behalf of Blackstone. You agree that you will not enter into any employment or other business relationship with any other employer or otherwise prior to the conclusion of the Garden Leave Period. Blackstone, in its sole discretion, may waive all or any portion of the Garden Leave Period. If the Garden Leave Period is waived in its entirety, your termination shall become effective as of the end of the Notice Period; if the Garden Leave Period is waived in part, your termination shall become effective at the end of the so modified Garden Leave Period.

(e) The provisions of Sections 5(c) and 5(d) shall not be applicable in instances in which your service with Blackstone is terminated by Blackstone with or without Cause.

(f) In connection with a termination of your services for any reason, you hereby agree to promptly resign from the Firm's Board of Directors upon the Firm's request.

6. Arbitration; Venue. Any dispute, controversy or claim between you and Blackstone, or any of its respective members, partners, officers, employees or agents, arising out of or concerning the provisions of this SMD Agreement, your service with Blackstone or otherwise concerning any rights, obligations or other aspects of your relationship with Blackstone, shall be finally resolved in accordance with the provisions of Section VII of the Non-Competition Agreement. Without limiting the foregoing, you acknowledge that a violation on your part of this SMD Agreement would cause irreparable damage to Blackstone. Accordingly, you agree that Blackstone will be entitled to injunctive relief for any actual or threatened violation of this SMD Agreement in addition to any other remedies it may have.

7. Successors and Assigns. This SMD Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective predecessors, successors, assigns, heirs, executors, administrators and personal representatives, and each of them, whether so expressed or not, and to the extent provided herein, the affiliates of the parties and Blackstone. This SMD Agreement is not assignable by you without the prior consent of Blackstone, and any attempted assignment of this SMD Agreement, without such prior consent, shall be void.

8. Entire Agreement. This SMD Agreement (including the Schedules attached hereto, which is incorporated herein by reference and made a part hereof) embodies the complete agreement and understanding among the parties with respect to the subject matter hereof and thereof and supersedes and terminates any prior understandings, agreements, term sheets or representations, written or oral, which may have related to the subject matter hereof or thereof in any way, except for any (i) Governing Agreements or other governing agreements of the general partners or managing members (collectively, "General Partners") of Blackstone sponsored investment funds; (ii) any guarantees executed by you prior to the date hereof for the benefit of any limited partners or General Partners of any Blackstone sponsored investment fund in respect of any "clawback" obligation to such Blackstone sponsored investment fund; and (iii) the Original Acquisition and the New Acquisition Agreement.

9. No Implied Duty. Except as otherwise expressly provided in this SMD Agreement, neither the Blackstone Entities nor any of their members, partners or affiliates will be under any duty, express or implied, of any kind or nature whatsoever to have revenues, earnings, income or carried interest distributions of any particular amount or at any particular level such that you will be entitled to compensation, earnings, income or distributions of any particular amount, to cause any amount to be available for distribution to any person, or to distribute any amount to any person, or to maintain your profit sharing percentage at, or raise your profit sharing percentage to, any level, or to retain you as a member or partner of any Blackstone Entity for any period of time or through any particular date that may be necessary to entitle you to receive any amount.

10. Headings. The section headings in this SMD Agreement are for convenience of reference only and shall in no event affect the meaning or interpretation of this SMD Agreement.

11. Modification, Waiver or Consent in Writing. This SMD Agreement may not be modified or amended except by a writing signed by each of the parties hereto. No waiver of this SMD Agreement or of any promises, obligations or conditions contained herein, or consent granted hereunder, shall be valid unless in writing and signed by the party against whom such waiver or consent is to be enforced. No delay on the part of any person in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any person of any such right, remedy or power, nor any single or partial exercise of any such right, remedy or power, preclude any further exercise thereof or the exercise of any other right, remedy or power.

12. Blackstone Partnership Agreement. This SMD Agreement shall be treated as part of the Blackstone Partnership Agreement for purposes of Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations. The amounts payable hereunder shall be paid to you in your capacity as a member or partner of the applicable Blackstone Entity and shall be appropriately reflected on your IRS Schedule(s) K-1. The parties do not intend to create an employer-employee relationship hereby and no amounts payable hereunder shall be treated as compensation paid to an employee for tax or other purposes. You covenant and agree that you will pay all U.S. federal, state, local and foreign taxes on the amounts payable hereunder that are required by law to be paid by you.

13. Governing Law. This SMD Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State.

14. Counterparts. This SMD Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

15. Notices. Any notice, consent, demand, request, or other communication given to any Person in connection with this SMD Agreement shall be in writing and shall be deemed to have been given to such Person (x) when delivered personally to such person or entity or (y), provided that a written acknowledgment of receipt is obtained, five days after being sent by prepaid certified or registered mail, or two days after being sent by a nationally recognized overnight courier, to the address (if any) specified below for such Person (or to such other address as such Person shall have specified by ten days' advance notice given in accordance with this Section 15).

If to Blackstone:	The Blackstone Group L.P. 345 Park Avenue New York, New York 10154 Attn: Stephen A. Schwarzman Chairman and Chief Executive Officer and Jonathan D. Gray President and Chief Operating Officer with a copy to: Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, New York 10017 Attn: Gregory T. Grogan
If to you:	The address of your principal residence as it appears in Blackstone's records, with a copy to you (during your association with Blackstone under this SMD Agreement) at your Blackstone office in New York City and with a copy to: Sullivan & Cromwell LLP 125 Broad Street New York, New York 10004 Attn: Marc Trevino
If to one of your beneficiaries:	The address most recently specified by you or the beneficiary.

WHEREOF, the parties hereto have duly executed this Senior Managing Director Agreement as of the date first above written.

BLACKSTONE HOLDINGS I L.P.

By: Blackstone Holdings I/II GP Inc., its general partner

By: /s/ Stephen A. Schwarzman
Name: Stephen A. Schwarzman
Title: Chairman and Chief Executive Officer

[Signature Page to SMD Agreement]

By: /s/ Bennett J. Goodman

(Please sign above)

Print Name: Bennett J. Goodman

[Signature Page to SMD Agreement]

Schedule A

Defined Terms

1. " Affiliate " shall mean, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such first Person. The term "control" (including its correlative meanings "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interests, by contract, or otherwise).
2. " Business " shall mean, to the extent agreed in writing by you and Blackstone to constitute a part of the "Business", any businesses the day-to-day management of which is supervised by Bennett J. Goodman and Dwight Scott.
3. " Cause " shall mean the occurrence or existence of any of the following as determined fairly, reasonably, on an informed basis and in good faith by Blackstone: (i) (w) any breach by you of any provision of the Non-Competition Agreement, (x) any material breach of any rules or regulations of Blackstone applicable to you, (y) your deliberate failure to perform your duties to Blackstone, or (z) your committing to or engaging in any conduct or behavior that is or may be harmful to Blackstone in a material way; provided that, in the case of any of the foregoing clauses (w), (x), (y) and (z), Blackstone has given you written notice (a " Notice of Breach ") within fifteen days after Blackstone becomes aware of such action and you fail to cure such breach, failure to perform or conduct or behavior within fifteen days after receipt by you of such Notice of Breach from Blackstone (or such longer period, not to exceed an additional fifteen days, as shall be reasonably required for such cure, provided that you are diligently pursuing such cure); (ii) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against Blackstone; or (iii) conviction (on the basis of a trial or by an accepted plea of guilty or nolo contendere) of a felony or crime (including any misdemeanor charge involving moral turpitude, false statements or misleading omissions, forgery, wrongful taking, embezzlement, extortion or bribery), or a determination by a court of competent jurisdiction, by a regulatory body or by a self-regulatory body having authority with respect to securities laws, rules or regulations of the applicable securities industry, that you individually have violated any applicable securities laws or any rules or regulations thereunder, or any rules of any such self-regulatory body (including, without limitation, any licensing requirement), if such conviction or determination has a material adverse effect on (A) your ability to function as an SMD, taking into account the services required of you and the nature of Blackstone's business or (B) the business of Blackstone.
4. " Investment Advisers Act " shall mean the U.S. Investment Advisers Act of 1940, as amended, and the rules and regulations of the SEC thereunder.
5. " New Acquisition Agreement " shall mean that certain Acquisition Agreement by and among GSO Holdings I L.L.C. and the GSO Equity Participants named therein, dated December 30, 2011.
6. " Original Acquisition Agreement " shall mean that certain Acquisition Agreement by and among Blackstone, the other acquirers named therein, GSO Capital Partners LP and the GSO Equity Participants named therein, dated March 3, 2008.
7. " Person " shall mean any individual, corporation, company, partnership (limited or general), limited liability company, joint venture, association, trust, unincorporated organization or other entity.
8. " SEC " shall mean the United States Securities and Exchange Commission.

Schedule B

Non-Competition Agreement

[Distributed Separately]

Exhibit 10.60

[Execution Copy]

SMD Non-Competition and Non-Solicitation Agreement

This SMD Non-Competition and Non-Solicitation Agreement, dated as of November 12, 2018 (the " Non-Competition Agreement "), between Blackstone Holdings I L.P., a Delaware limited partnership, Blackstone Holdings II L.P., a Delaware limited partnership, Blackstone Holdings III L.P., a Québec société en commandite, Blackstone Holdings IV L.P., a Québec société en commandite and Blackstone Holdings AI L.P., a Delaware limited partnership (collectively, " Blackstone Holdings " and, together with its Subsidiaries and Affiliates (as each such term is defined in the New Acquisition Agreement (as defined below) entities, " Blackstone "), and each of the other persons from time to time party hereto (each, an " SMD ").

WHEREAS, each SMD acknowledges and agrees that it is essential to the success of Blackstone that Blackstone be protected by non-competition and non-solicitation agreements that will be entered into by such SMD and other SMDs of Blackstone;

WHEREAS, each SMD acknowledges and agrees that Blackstone would suffer significant and irreparable harm from SMD competing with Blackstone after the termination of SMD's service with Blackstone;

WHEREAS, each SMD is a party to a letter agreement with Blackstone (an " SMD Agreement "), as well as other agreements referred to therein; and

WHEREAS, each SMD acknowledges and agrees that in the course of such SMD's service with Blackstone, such SMD has been and will be provided with Confidential Information (as hereinafter defined) of Blackstone, and has been and will be provided with the opportunity to develop relationships with investors and clients, prospective investors and clients, employees and other agents of Blackstone, and such SMD further acknowledges that such Confidential Information and relationships are extremely valuable assets in which Blackstone has invested and will continue to invest substantial time, effort and expense;

NOW, THEREFORE, for good and valuable consideration, each SMD and Blackstone hereby covenant and agree to the following restrictions which such SMD acknowledges and agrees are reasonable and necessary to protect the legitimate business interests of Blackstone and which will not unnecessarily or unreasonably restrict such SMD's professional opportunities should his or her service with Blackstone terminate:

I. Non-Competition and Non-Solicitation Covenants

A. Non-Competition . Each SMD shall not, directly or indirectly, during such SMD's service with Blackstone, and for a period ending the latest of (x) 12 months following the termination with Cause by Blackstone of such SMD's service pursuant to Sections 5(a) or 5(b) of the SMD Agreement, (y) 90 days following the termination without Cause by Blackstone of such SMD's service pursuant to Sections 5(a) or 5(b) of the SMD Agreement, and (z) 12 months following the date on which such SMD's Garden Leave Period would commence pursuant to Section 5(d) of the SMD Agreement, associate (including but not limited to association as a sole

proprietor, owner, employer, principal, investor, joint venturer, shareholder, associate, employee, member, consultant, contractor or otherwise) with any Competitive Business or any of the Affiliates, related entities, successors or assigns of any Competitive Business; *provided however* that with respect to the equity of any Competitive Business which is or becomes publicly traded, such SMD's ownership as a passive investor of less than 3% of the outstanding publicly traded stock of a Competitive Business shall not be deemed a violation of this Non-Competition Agreement (provided that nothing in this Section I.A shall restrict any SMD from providing asset-management services solely for the exclusive benefit of (i) himself, (ii) J. Albert (Tripp) Smith (" JAS ") and/or Douglas Ostrover, (iii) any immediate family members of the preceding and/or (iv) any trust or estate planning vehicle for the benefit of any of the foregoing; provided, that no investors (other than the foregoing) pay for any fee to Executive in respect of such services). For purposes of this Non-Competition Agreement, " Competitive Business " means any business, in any geographical or market area where Blackstone conducts business or provides products or services, that competes with the business of Blackstone, including any business in which Blackstone engaged during the term of such SMD's service and any business that Blackstone was actively considering conducting at the time of such SMD's termination of service and of which such SMD has, or reasonably should have, knowledge.

B. Non-Solicitation of Clients/Investors . Each SMD shall not, directly or indirectly, during such SMD's service with Blackstone, and for a period ending 24 months following (i) the termination by Blackstone of such SMD's service pursuant to Sections 5(a) or 5(b) of the SMD Agreement, or (ii) the commencement of such SMD's Garden Leave Period pursuant to Section 5(d) of the SMD Agreement, (a) solicit, or assist any other individual, person, firm or other entity in soliciting, the business of any Client or Prospective Client for or on behalf of an existing or prospective Competitive Business; (b) perform, provide or assist any other individual, person, firm or other entity in performing or providing, services similar to those provided by Blackstone, for any Client or Prospective Client; or (c) impede or otherwise interfere with or damage (or attempt to impede or otherwise interfere with or damage) any business relationship and/or agreement between Blackstone and (i) a Client or Prospective Client or (ii) any supplier.

1. For purposes of this Non-Competition Agreement, " Client " shall mean any person, firm, corporation or other organization whatsoever for whom Blackstone provided services (including without limitation any investor in any Blackstone fund, any portfolio company of a Blackstone fund, any client of any Blackstone business group or any other person for whom Blackstone renders any service) with respect to whom each SMD, individuals reporting to such SMD or individuals over whom such SMD had direct or indirect responsibility, had personal contact or dealings on Blackstone's behalf during the three-year period immediately preceding such SMD's termination of service. " Prospective Client " shall mean any person, firm, corporation or other organization whatsoever with whom Blackstone has had any negotiations or discussions regarding the possible engagement of business, investment in a Blackstone fund, investment in or provision of services to any portfolio company of a Blackstone fund, or the performance of business services within the eighteen months preceding such SMD's termination of service with Blackstone with respect to whom such SMD, individuals reporting to such SMD or individuals over whom such SMD had direct or indirect responsibility, had personal contact or dealing on Blackstone's behalf during such eighteen-month period.

2. For purposes of this Section I.B., "solicit" means to have any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any individual, person, firm or other entity, in any manner, to take or refrain from taking any action.

C. Non-Solicitation of Employees/Consultants . Each SMD shall not, directly or indirectly, during such SMD's service with Blackstone, and for a period ending 24 months following (i) the termination by Blackstone of such SMD's service pursuant to Sections 5(a) or 5(b) of the SMD Agreement or (ii) the commencement of such SMD's Garden Leave Period pursuant to Section 5(d) of the SMD Agreement, solicit, employ, engage or retain, or assist any other individual, person, firm or other entity in soliciting, employing, engaging or retaining, (a) any employee or (with respect to soliciting only) other agent of Blackstone, including without limitation any former employee or (with respect to soliciting only) other agent, in each case, of Blackstone who ceased working for Blackstone within the twelve-month period immediately preceding or following the date on which such SMD's service with Blackstone terminated, or (b) any consultant or senior adviser that such SMD knows or should know is under contract with Blackstone; provided that SMD shall not associate with JAS in any manner that involves the raising of third party capital (including, for the avoidance of doubt, engaging in preparatory activities with respect to the raising of third party capital) on or prior to the later of (x) June 30, 2020 and (y) the date that is six months following the termination of SMD's service with Blackstone (other than as expressly set forth in the parenthetical proviso of Section I.A hereof), although SMD may serve as a reference for JAS or invest on the same terms as other similarly situated investors in funds and other opportunities sponsored by JAS. For purposes of this Section I.C., "solicit" means to have any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to terminate their employment or business relationship with Blackstone, or recommending or suggesting (including by identifying a person or entity to a third party) that a third party take any of the foregoing actions.

D. Retention Conditions . Notwithstanding the foregoing, if the Retention Conditions shall have been satisfied by SMD, then the provisions of Section I.A and I.B shall expire on the date that is 90 days following SMD's Early Retirement Date. Notwithstanding the foregoing, and for the avoidance of doubt, the provisions of Section I.C shall not expire earlier as a result of the Retention Conditions. The terms " Retention Conditions " and " Early Retirement Date " are defined in the Amended and Restated Deferred Holding Unit Agreement, dated February 24, 2015 and amended as of the date hereof, between The Blackstone Group L.P. and SMD.

II. Confidentiality

A. Each SMD expressly agrees, at all times, during and subsequent to such SMD's service with Blackstone, to maintain the confidentiality of, and not to disclose to or discuss with, any person any Confidential Information (as hereinafter defined), except (i) to the extent reasonably necessary or appropriate to perform such SMD's duties and responsibilities as an SMD including without limitation furthering the interests of Blackstone and/or developing new business for Blackstone (*provided* that Confidential Information relating to (x) personnel matters related to any present or former employee, partner or member of Blackstone (including such SMD himself or herself), including compensation and investment arrangements, or (y) the

financial structure, financial position or financial results of any Blackstone entities, shall not be so used without the prior consent of Blackstone), (ii) with the prior written consent of Blackstone, or (iii) as otherwise required by law, regulation or legal process or by any regulatory or self-regulatory organization having jurisdiction; *provided* that such SMD agrees that a copy of the provisions set forth in Section I may be disclosed to such SMD's prospective future employers, partners or other service-recipients upon request in connection with such SMD's application therefor. Without limiting the generality of the provisions of this Agreement, SMD agrees that in connection with any employment, investment management or professional activities in which SMD engages following termination of SMD's services with Blackstone, neither the SMD nor anyone, including without limitation, any firm or investment fund with which SMD becomes affiliated or which SMD endeavors to establish, nor any other employee, agent or representative of such firm or fund, may provide to any investors or prospective investors or any other persons or entities, whether orally or in writing, any non-public information about Blackstone, any fund or vehicle sponsored by Blackstone (collectively, a "Blackstone Fund"), any investments made by any Blackstone Fund or the performance record of any Blackstone Fund; or non-public information about advisory services provided by Blackstone; or non-public information about the clients to which such services were delivered, in each case without the prior written consent of John Finley (or his successor as Chief Legal Officer of Blackstone or respective designee), which consent may be withheld in John Finley or his successor's or designee's sole discretion. Notwithstanding the foregoing, Blackstone and SMD agree that SMD will be entitled to use a biographical description to be agreed between the parties.

B. For purposes of this Non-Competition Agreement, " Confidential Information " means information concerning the business, affairs, operations, strategies, policies, procedures, organizational and personnel matters related to any present or former employee, partner or member of Blackstone (including each SMD himself or herself), including compensation and investment arrangements, terms of agreements, financial structure, financial position, financial results or other financial affairs, actual or proposed transactions or investments, investment results, existing or prospective clients or investors, computer programs or other confidential information related to the business of Blackstone or to its members, actual or prospective clients or investors (including funds managed by Affiliates of Blackstone), their respective portfolio companies or other third parties. Such information may have been or may be provided in written or electronic form or orally. All of such information, from whatever source learned or obtained and regardless of Blackstone's connection to the information, is referred to herein as "Confidential Information." Confidential Information excludes information that has been made generally available to the public (although it does include any confidential information received by Blackstone from any clients), but information that when viewed in isolation may be publicly known or can be accessed by a member of the public will still constitute Confidential Information for these purposes to the extent such information has been aggregated or interpreted by Blackstone in such a manner as to become proprietary to Blackstone. Without limiting the foregoing, Confidential Information includes any information, whether public or not, which (1) represents, or is aggregated in such a way as to represent, or purport to represent, all or any portion of the investment results of, or any other information about the investment "track record" of, (a) Blackstone, (b) a business group of Blackstone, (c) one or more funds managed by Blackstone, or (d) any individual or group of individuals during their time at Blackstone, or (2) describes an individual's role in achieving or contributing to any such investment results.

C. In addition to the foregoing, SMD agrees not to disclose to, or discuss with, any person (including any partner or employee of Blackstone) other than Stephen A. Schwarzman, Jonathan D. Gray, Michael S. Chae, John G. Finley, and Paige Ross, members of the firm's financial, tax, accounting and human resources staff who participate in the preparation or ongoing administration of the SMD Agreement and other persons designated by SAS or JDG, any information relating to the contents or subject matter of the SMD Agreement or of any Governing Agreement that may be furnished to SMD in connection with SMD's association with Blackstone, except (a) to the extent necessary to perform SMD's duties and responsibilities under the SMD Agreement, (b) to the extent reasonably necessary or applicable in enforcing SMD's rights with respect to Blackstone or its Affiliates, (c) as otherwise required by applicable law, or (d) to SMD's counsel, spouse and/or tax, accounting and financial advisors, and (with respect only to the terms of the restrictions referred to in Section I of this Non-Competition Agreement) to any prospective future employer upon request in connection with SMD's application for employment; provided, that SMD undertakes that such counsel, spouse, tax, accounting and financial advisors and prospective future employers will comply with the restrictions set forth in this Section II.

III. Non-Disparagement

A. Each SMD agrees that, during and at any time after such SMD's service with Blackstone, such SMD will not, directly or indirectly, through any agent or Affiliate, make any disparaging comments or criticisms (whether of a professional or personal nature) to any individual or other third party (including without limitation any present or former member, partner or employee of Blackstone) or entity regarding Blackstone (or the terms of any agreement or arrangement of any Blackstone entity) or any of their respective Affiliates, members, partners or employees, or regarding such SMD's relationship with Blackstone or the termination of such relationship which, in each case, are reasonably expected to result in material damage to the business or reputation of Blackstone or any of its Affiliates, members, partners or employees.

IV. Remedies

A. Injunctive Relief . Each SMD acknowledges and agrees that Blackstone's remedy at law for any breach of this Non-Competition Agreement would be inadequate and that for any breach of this Non-Competition Agreement, Blackstone shall, in addition to other remedies as may be available to it at law or in equity, or as provided for in this Non-Competition Agreement, be entitled to an injunction, restraining order or other equitable relief, without the necessity of posting a bond, restraining such SMD from committing or continuing to commit any violation of such covenants. Each SMD agrees that proof shall not be required that monetary damages for breach of the provisions of this Non-Competition Agreement would be difficult to calculate and that remedies at law would be inadequate.

B. Forfeiture .

1. In the event of any breach of this Non-Competition Agreement, the SMD Agreement or any limited liability company agreement, partnership agreement or other governing document of Blackstone to which such SMD is a party, or any termination for Cause (as defined in Section 5 of the SMD Agreement) of such SMD's services, (i) such SMD shall no longer be entitled to receive payment of any amounts that are contingent on continued services as an SMD, member or partner, as the case may be, of Blackstone (excluding, for the avoidance of doubt, return of such SMD's capital contributions), (ii) all of such SMD's remaining SMD, member, partner or other interests (including, without limitation, carried interests, but excluding the securities of Blackstone Holdings or The Blackstone Group L.P., a Delaware limited partnership) in Blackstone (whether vested or unvested) shall immediately terminate and be null and void, (iii) all of the securities of Blackstone Holdings or The Blackstone Group L.P., a Delaware limited partnership subject to holdback (i.e., deferred or delayed delivery or prohibitions on transfer) held by or to be received by such SMD or such SMD's personal planning vehicle(s) shall be forfeited (except to the extent such units were both (x) vested and (y) scheduled to be delivered prior to the applicable breach or termination), (iv) no further such interests or securities will be awarded to such SMD, and (v) all unrealized gains (by investment) related to such SMD's side-by-side investments (but excluding, for the avoidance of doubt, return of SMD's capital) will be forfeited.

V. Amendment; Waiver

A. This Non-Competition Agreement may not be modified, other than by a written agreement executed by each SMD and Blackstone, nor may any provision hereof be waived other than by a writing executed by Blackstone.

B. The waiver by Blackstone of any particular default by each SMD or any employee of Blackstone, shall not affect or impair the rights of Blackstone with respect to any subsequent default of the same or of a different kind by such SMD or any employee of Blackstone; nor shall any delay or omission by Blackstone to exercise any right arising from any default by such SMD affect or impair any rights that Blackstone may have with respect to the same or any future default by such SMD or any employee of Blackstone.

VI. Governing Law

This Non-Competition Agreement and the rights and duties hereunder shall be governed by and construed and enforced in accordance with the laws of the State of New York.

VII. Resolution of Disputes; Submission to Jurisdiction; Waiver of Jury Trial

A. Any and all disputes (including any ancillary claims) arising out of, relating to or connecting with this Agreement, including the breach, termination or validity thereof (including the validity, scope and enforceability of this arbitration provision and/or any claim of discrimination in connection with such SMD's tenure as an SMD, partner or member of Blackstone or any aspect of any relationship between such SMD and Blackstone or any termination of such SMD's services as such member or partner or of any aspect of any relationship between such SMD and Blackstone), shall be finally settled by an arbitration conducted by a single arbitrator, who shall be a lawyer, in New York in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce ("ICC Rules"). If the parties to the dispute fail to agree on the selection of an arbitrator within thirty days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment.

Notwithstanding the provisions of this Section VII, Blackstone may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder and/or enforcing an arbitration award and, for the purposes of this Section VII.A, each SMD (i) expressly consents to the application of this Section to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Non-Competition Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Chief Legal Officer of Blackstone as such SMD's agent for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such SMD of any such service of process, shall be deemed in every respect effective service of process upon such SMD in any such action or proceeding.

B. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. The place of arbitration shall be in New York City, New York. The language of the arbitration shall be in English.

C. EACH SMD HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION DESCRIBED IN SECTION VII.A, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS NON-COMPETITION AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration or to confirm an arbitration award. The parties acknowledge that the forum designated by this Section has, and will have, a reasonable relation to this Agreement, and to the parties' relationship with one another.

D. Each SMD hereby waives, to the fullest extent permitted by applicable law, any objection which such SMD now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in this section and agrees not to plead or claim the same. Each SMD further waives, to the fullest extent permitted by applicable law, any right that may exist to a jury trial or to participation as a member of a class in any proceeding.

E. Each SMD hereby agrees that such SMD shall not, nor shall such SMD allow anyone acting on such SMD's behalf to, subpoena or otherwise seek to gain access to any financial statements or other confidential financial information relating to Blackstone, or any of its respective members, partners, officers, employees or agents, except as specifically permitted by the terms of this Non-Competition Agreement or by the provisions of any limited liability company agreement, partnership agreement or other governing document of Blackstone to which such SMD is a party; provided, that in any proceeding referred to in this Section VII, each SMD shall have the right to use firm financial statements previously provided to such SMD to the extent expressly provided in Section II of this Non-Competition Agreement.

F. EACH SMD HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ANCILLARY SUIT, ACTION OR PROCEEDING BROUGHT IN ANY COURT REFERRED TO IN THIS SECTION.

VIII. Entire Agreement

This Non-Competition Agreement, together with the SMD Agreement, the Acquisition Agreement by and among Blackstone, the other acquirers named therein, GSO Capital Partners LP and the GSO Equity Participants named therein, dated March 3, 2008, the Acquisition Agreement by and among GSO Holdings I L.L.C. and the GSO Equity Participants named therein, dated December 30, 2011 (the " New Acquisition Agreement ") and the Performance Earn Out Letter Agreement by and among GSO Holdings I L.L.C. and the Performance Earn Out Participants named therein, dated December 30, 2011, contain the entire agreement between the parties with respect to the subject matter herein and supersede all prior oral and written agreements between the parties pertaining to such matters.

IX. Severability

A. If any provision of this Non-Competition Agreement shall be held or deemed to be invalid, illegal or unenforceable in any jurisdiction for any reason, the invalidity of that provision shall not have the effect of rendering the provision in question unenforceable in any other jurisdiction or in any other case or of rendering any other provisions herein unenforceable, but the invalid provision shall be substituted with a valid provision which most closely approximates the intent and the economic effect of the invalid provision and which would be enforceable to the maximum extent permitted in such jurisdiction or in such case.

WHEREOF, the parties hereto have duly executed this SMD Non-Competition and Non-Solicitation Agreement as of the date first above written.

BLACKSTONE HOLDINGS I L.P.

By: Blackstone Holdings I/II GP Inc., its general partner

By: /s/ Stephen A. Schwarzman
Name: Stephen A. Schwarzman
Title: Chairman and Chief Executive Officer

BLACKSTONE HOLDINGS II L.P.

By: Blackstone Holdings I/II GP Inc., its general partner

By: /s/ Stephen A. Schwarzman
Name: Stephen A. Schwarzman
Title: Chairman and Chief Executive Officer

BLACKSTONE HOLDINGS III L.P.

By: Blackstone Holdings III GP L.P., its general partner

By: Blackstone Holdings III GP Management L.L.C., its general partner

By: /s/ Stephen A. Schwarzman
Name: Stephen A. Schwarzman
Title: Chairman and Chief Executive Officer

BLACKSTONE HOLDINGS IV L.P.

By: Blackstone Holdings IV GP L.P., its general partner

By: Blackstone Holdings IV GP Management (Delaware) L.P., its general partner

By: Blackstone Holdings IV GP Management L.L.C., its general partner

By: /s/ Stephen A. Schwarzman
Name: Stephen A. Schwarzman
Title: Chairman and Chief Executive Officer

[Signature Page to SMD Non-Competition and Non-Solicitation Agreement]

Agreed and accepted as of the date first above written:

By: /s/ Bennett J. Goodman
(Please sign above)

Print Name: Bennett J. Goodman

October 2, 2018

J. Tomilson Hill

Dear Tom,

This letter agreement (" Letter Agreement ") serves to document our mutual agreement regarding your continued service as a Senior Managing Director (" SMD ") of The Blackstone Group L.P. (" Blackstone "). All capitalized terms used in this Letter Agreement but not defined shall have the meanings ascribed to such terms in that certain Senior Managing Director Agreement, dated as of June 18, 2007, by and among Blackstone Holdings I L.P. and you (the " SMD Agreement "). A copy of your SMD Agreement is attached hereto as Exhibit A.

1. Service as Senior Managing Director; Restrictive Covenants .

(a) You shall continue to serve as a Blackstone SMD following the date hereof until December 31, 2018 (such date, the " Effective Date "). Prior to the Effective Date, you will continue to (x) serve as an SMD and Chairman of Blackstone Alternative Asset Management ("BAAM"), Vice Chairman of Blackstone, a member of the Management Committee, the Board of Directors of Blackstone and the GP Stakes Investment Committee and advisor to and member of the investment committee of Blackstone Strategic Capital Holdings ("BSCH") and (y) provide proactive leadership to effectuate a smooth management transition, as reasonably determined by Blackstone, the duties of which will include, without limitation, the transferring of key LP and hedge fund relationships and supporting the management team. In order to facilitate such transition, you will gradually reduce your level of involvement in the day-to-day operations and, as of the date hereof, you will no longer be required to participate in or attend regular internal meetings of BAAM.

(b) As of the Effective Date, you hereby resign as an SMD of Blackstone Holdings I L.P. and each of Blackstone's other affiliated entities (the " Blackstone Entities ") and as an officer or director (or person performing similar functions) of each Blackstone Entity for which you served as an officer or director (or similar function). Blackstone waives its right to any advance notice from you regarding your resignation or retirement under the SMD Agreement, and you will not be obligated to remain on "garden leave status" (as described in Section 5(d) of the SMD Agreement) at any time.

(c) You acknowledge and agree that, from and after the Effective Date, you will have no legal or actual power or authority to act on behalf of or to legally bind the Blackstone Entities (to the extent you had such power prior to the Effective Date).

Blackstone
345 Park Avenue New York NY 10154
T 212 583 5000 F 212 583 5749
www.blackstone.com

(d) You hereby acknowledge and affirm all of the provisions of your SMD Non-Competition and Non-Solicitation Agreement, dated as of June 18, 2007, a copy of which is attached hereto as Schedule A to the SMD Agreement (the " Non-Competition Agreement "). For purposes of the Non-Competition Agreement, the Effective Date will be deemed to be the date on which your "Garden Leave Period" commenced. Notwithstanding the foregoing:

(i) the definition of "Competitive Business" in Section I.A. of the Non-Competition Agreement is hereby amended and restated in its entirety, as of the Effective Date, with the following:

"For purposes of this Non-Competition Agreement, ' Competitive Business ' means any business, in any geographical or market area where Blackstone conducts business or provides products or services, that competes with any portion of a Specified Business.

' Specified Business ' means any business consisting of one or more of the following areas:

(i) a discretionary allocator to hedge funds (i.e., a hedge fund of funds or seeding/acceleration business);

(ii) a private equity fund sponsor (other than to the extent the SMD's services are limited to the areas described in clause (z) of the immediately following sentence);

(iii) a private debt or credit fund sponsor;

(iv) a real estate fund or real estate debt fund sponsor; or

(v) the business of acquiring non-controlling/minority ownership interests and/or economic participations in hedge funds, private equity sponsors, private debt or credit fund sponsors, real estate fund or real estate debt fund sponsors, or other alternative asset managers.

Competitive Business shall not include the portion of any Specified Business that consists of:

(x) direct investments in marketable investment vehicles (i.e., hedge funds, mutual funds and separately managed account managers);

(y) a special purpose acquisition company that does not engage in a Specified Business; or

(z) any investment fund (or sponsor thereof) the primary investment strategy of which is to obtain superior returns through the application of data collection and data analytics to the operating businesses acquired by such investment fund (so long as such investment fund, sponsor and operating businesses are not engaged in the management of any of the areas described in clauses (i), (iii), (iv) or (v) of the definition of a Specified Business).”

(ii) Section I.B. of the Non-Competition Agreement is hereby amended and restated in its entirety, effective as if the Effective Date, with the following:

“Each SMD shall not, directly or indirectly, during such SMD’s service with Blackstone, and for a period ending twelve months following the commencement date of such SMD’s Garden Leave Period, (a) solicit, or assist any other individual, person, firm or other entity in soliciting, the business of any Client or Prospective Client for or on behalf of an existing or prospective Competitive Business; (b) perform, provide or assist any Competitive Business in performing or providing services similar to those provided by Blackstone for any Client or Prospective Client; or (c) impede or otherwise interfere with or damage (or attempt to impede or otherwise interfere with or damage) any business relationship and/or agreement between Blackstone and (i) a Client or Prospective Client or (ii) any supplier. In addition, nothing in this Section I.B will prohibit the SMD from soliciting Clients and Prospective Clients in connection with activities that are described in the clauses (x), (y) or (z) of the last sentence in Section I.A of the Non-Competition Agreement.

1. For purposes of this Non-Competition Agreement, ‘ Client ’ shall mean any person, firm, corporation or other organization whatsoever for whom BAAM provided services (including any investor in any BAAM fund) with respect to whom each SMD, individuals reporting to such SMD or individuals over whom such SMD had direct or indirect responsibility, had personal contact or dealings on BAAM’s behalf during the three-year period immediately preceding such SMD’s termination of service. ‘ Prospective Client ’ shall mean any person, firm, corporation or other organization whatsoever with whom BAAM has had any negotiations or discussions regarding the possible engagement of business or the performance of business services within the eighteen months preceding such SMD’s termination of service with Blackstone with respect to whom such SMD, individuals reporting to such SMD or individuals over whom such SMD had direct or indirect responsibility, had personal contact or dealing on BAAM’s behalf during such eighteen-month period.

2. For purposes of this Section I.B., ‘solicit’ means to have any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any individual, person, firm or other entity, in any manner, to take or refrain from taking any action.”

(iii) Section I.C. of the Non-Competition Agreement will not prohibit you (or your affiliate) from soliciting or hiring for employment your current assistant, Julia Lee.

(iv) Section II.B. of the Non-Competition Agreement is hereby amended, effective as of the Effective Date, to add the following sentence to the end of such section:

“Notwithstanding the foregoing or any other provision of this Non-Competition Agreement to the contrary, Confidential Information shall exclude any information publicly known or in the public domain, which will be deemed to include, without limitation, information contained in (i) public filings, including any filings made with the Securities Exchange Commission or any other regulatory agency, including ratings agencies; (ii) public relations or publicity materials, including press releases and interviews; (iii) publically available presentations made to investment analysts; and (v) other publically available periodic disclosures to investors.”

2. Payments; Benefits

(a) Your target annual cash compensation for 2018 will be $7,500,000, which includes your $350,000 base draw and a one-time lump sum cash bonus of $7,150,000 (which, for the avoidance of doubt, excludes your 2017 Year End Special Equity and 2017 Year End Special Equity Premium Awards (as described in Section 3(d))), subject to your continued service as an SMD of Blackstone through December 31, 2018 and satisfaction of your responsibilities as set forth in Section 1(a) of this Letter Agreement and payable at the same time as base draw and annual cash bonuses are payable to other Blackstone SMDs.

(b) You shall continue to receive your $350,000 base draw, as noted above, and benefits through the Effective Date, but shall not receive or participate in any profit sharing or bonus arrangements (including participation in any carried interest or fee-sharing program) except as expressly provided for herein. Following the Effective Date, you will be eligible to participate in Blackstone’s SMD retiree health insurance program; provided , that you shall bear the cost of your participation in such programs in a manner similar to other Blackstone SMDs.

(c) Without limiting the generality of the provisions of the Non-Competition Agreement, and notwithstanding any modifications to the Non-Competition Agreement set forth herein, you agree that in connection with any employment, investment management or professional activities in which you engage following the Effective Date, neither you nor anyone,

including without limitation, any firm or investment fund with which you become affiliated or which you endeavor to establish, nor any other employee, agent or representative of such firm or fund, may provide to any investors or prospective investors or any other persons or entities, whether orally or in writing, any non-public information about Blackstone, any fund or vehicle sponsored by Blackstone (collectively, a " Blackstone Fund "), any investments made by any Blackstone Fund or the performance record of any Blackstone Fund; or information about advisory services provided by Blackstone; or non-public information about the clients to which such services were delivered, in each case without the prior written consent of John Finley (or his successor as Chief Legal Officer of Blackstone or respective designee), which consent may be withheld in John Finley or his successor's or designee's sole discretion. For the avoidance of doubt, public information shall include the information described in the last sentence of Section II.B. of the Non-Competition Agreement (as modified herein).

3. Treatment of Blackstone Unit Awards .

(a) Reference is made to (i) the limited partnership units (the " Holdings Units ") in each of Blackstone Holdings (as hereinafter described in Schedule I); "Holdings Unit" being a collective reference to a limited partnership unit in each Blackstone Holdings partnership and (ii) the publicly traded common units in Blackstone (the " Common Units "). Blackstone and you acknowledge and agree that, as of the date hereof, you have the number of vested and unvested awards covering Holdings Units and Common Units as set forth in Exhibit E attached hereto and that, except as provided herein, all such unvested awards of Holdings Units and Common Units will either be forfeited or retained following the Effective Date as set forth in Exhibit E. Notwithstanding the foregoing, Blackstone agrees that your withdrawal shall constitute a "Qualifying Retirement" for the purposes of all plans or agreements governing such Holdings Units and Common Units, and provided further, that Blackstone hereby agrees to let you retain the portion of such awards that would have been forfeited upon your withdrawal, so that such awards will be retained following the Effective Date as set forth herein and in Exhibit E hereto, subject to your continued compliance with your obligations set forth in the Non-Competition Agreement (as modified herein).

(b) With respect to all Holdings Units, you agree that you will remain subject to all of Blackstone's policies as in effect as of the Effective Date, in addition to any agreements to which you are a party, with the following supplements and modifications:

(i) If at any time, Blackstone concludes that such action is needed for tax or securities law purposes, Blackstone shall have the right to cause you to exchange Holdings Units for Common Units at any time in any number of units it determines and you will be entitled to exchange Holdings Units for Common Units in accordance with and subject to the terms and the exchange methodology in effect for Blackstone SMDs on the date of any such exchange; provided that you must execute and deliver to Blackstone a notice of exchange in the form as is generally used by Blackstone SMDs at such time at least 60 days prior to the applicable Quarterly Exchange Date (as defined in the Exchange Agreement).

(ii) You will be required to continue to hold your Holdings Units and Common Units, including any Common Units resulting from an exchange of Holdings Units, at Merrill Lynch in accordance with the procedures generally applicable to Blackstone SMDs.

(iii) You must comply with the requirements outlined in the memorandum attached as Exhibit B and may not directly hold Common Units at the time of any exchange of Holdings Units and, until such time as you no longer hold any Holdings Units, may not remain the direct holder of any Common Units received upon exchange following the end of the relevant selling period.

(iv) You may transfer your vested Holdings Units and Common Units (collectively) as set forth on Exhibit E and in accordance with the exchange methodology applicable to Blackstone SMDs.

(v) Blackstone will continue to provide you notice of matters affecting your Holdings Units (including permissible exchange dates of Holdings Units into Common Units under Blackstone's controlled sales program) on the same basis and timing that it provides all other Blackstone SMD holders of Holdings Units.

(c) You will remain eligible for payments under the Blackstone Tax Receivables Agreement on terms and conditions no less favorable than applicable to other Blackstone SMDs.

(d) You currently hold Bonus Deferral Units (the " Bonus Deferral Units ") pursuant to the terms of Blackstone's Sixth Amended and Restated Bonus Deferral Plan, as amended, as well as deferred units pursuant to one or more Special Equity Awards (the " Special Equity Awards "). Additionally, on July 1, 2018, in respect of your performance in 2017, you were granted $7,500,000 in deferred Holdings Units in respect of your 2017 Year End Special Equity and 2017 Year End Special Equity Premium Awards, both of which will vest and be retained as set forth in Exhibit E hereto subject to your continued service as a Blackstone SMD through December 31, 2018, your satisfaction of your responsibilities as set forth in Section 1(a) of this Letter Agreement and your continued compliance with your obligations set forth in the Non-Competition Agreement (as modified herein).

Blackstone agrees that your withdrawal shall constitute a "Qualifying Retirement" for the purposes of the plan agreements governing such Bonus Deferral Units and Special Equity Awards such that you shall, as of the Effective Date, be vested in and retain 100% of your unvested Bonus Deferral Units and 50% of such unvested Special Equity Awards. Upon and following the Effective Date, you will also retain the remaining 50% of your previously unvested Special Equity Awards which shall vest and be delivered to you (together with your other awards) as set forth in Exhibit E hereto, subject to your continued service as a Blackstone SMD through December 31, 2018, your satisfaction of your responsibilities as set forth in Section 1(a) of this Letter Agreement and your continued compliance with your obligations set forth in the Non-Competition Agreement (as modified herein).

Notwithstanding anything to the contrary contained in this Letter Agreement, 65,000 of your deferred Holdings Units subject to Special Equity Awards which are scheduled to be delivered to you on or after January 1, 2020, as set forth in Exhibit E hereto (the " Designated Special Equity Awards "), will not be subject to Section I.C. of your Non-Competition Agreement, as amended hereby.

4. Carried Interest; Participation Investments .

(a) Blackstone agrees that your withdrawal shall constitute a "Qualifying Retirement" for purposes of the plan agreements governing your participation in carried interest in any Blackstone Fund, such that you will, as of the Effective Date, be vested in and retain 50% of your unvested carried interest. In addition, following the Effective Date, you will retain the remaining 50% of your unvested carried interest, subject to your continued service as a Blackstone SMD through December 31, 2018, your satisfaction of your responsibilities as set forth in Section 1(a) of this Letter Agreement and your continued compliance with your obligations set forth in the Non-Competition Agreement (as modified herein).

(b) Following the Effective Date, subject to your continued service as a Blackstone SMD through December 31, 2018, your satisfaction of your responsibilities as set forth in Section 1(a) of this Letter Agreement and your continued compliance with your obligations set forth in the Non-Competition Agreement (as modified herein):

(i) You will receive a profit sharing percentage of 4% for all investments made by the BSCH fund that close prior to the Effective Date, including associated installments made following the Effective Date, all of which will be considered 100% vested.

(ii) You will be eligible to receive additional awards of up to 2.5% of the total Carry Dollars created on new investments by the BSCH fund in which you have material involvement. Blackstone will inform you of such investments where you are eligible to earn Carry Dollars and the amount of your award with respect to each such investment, and you and John McCormick will mutually agree on the nature of your involvement in each such investment. For reference, a "Carry Dollar" is the number attained by multiplying the aggregate amount of Limited Partner capital deployed in transactions by such fund by the contractual percentage rate of the profits that Blackstone, as the General Partner of such fund, earns as carried interest from such investments.

(iii) You will receive 2% of the carry proceeds realized by BCP VI from the investment in First Eagle Investment Management.

(iv) Blackstone will permit you to participate in optional side-by-side offerings made available to other Blackstone SMDs by any "Participation Entities" (as defined in Schedule I hereto) or any successor funds, as well as other funds made generally available via the side-by-side investment program, at levels consistent with your current Blackstone SMD levels until the annual side-by-side period pertaining to the fifth anniversary of the Effective Date.

(c) You will continue to retain any mandatory or optional side-by-side participation in the Participation Entities through the end of the annual election period in which the Effective Date occurs, and will continue to be subject to capital commitments applicable to such Participation Entities for such annual election period. You will continue to be eligible to receive distributions on your investments in the Participation Entities following the Effective Date in accordance with the applicable Governing Agreements.

(d) Upon separation, Blackstone will continue to deliver to you its valuation of your portfolio with respect to your participation in any Participation Entities on a semi-annual basis, until such time as you no longer have any such investments, which valuation shall be calculated on a basis consistent with the methodology used in previous valuations and consistent with all other Blackstone SMDs' valuations. Your investments in the Participation Entities will not be subject to any performance or management fees, however you will be assessed an administrative fee equivalent to fifty (50) basis points on any optionally elected commitments to such entities following the Effective Date in accordance with Blackstone's general policy regarding former Blackstone SMDs.

(e) To the extent that you are invested in any non-drawdown funds managed by GSO or BREDS following the Effective Date (or managed by BAAM, in the case of any such investments outstanding after the 5 th anniversary of the Effective Date), your capital accounts, as to both current and future investments, in such funds shall be subject to management and performance fees as of the next administratively practicable date on which you can elect to redeem such investments following the Effective Date in accordance with Blackstone's general policy regarding former Blackstone SMDs. To the extent that you are invested in any non-drawdown funds managed by BAAM following the Effective Date, your capital accounts, as to both current and future investments, in such funds shall not be subject to management or performance fees during the 5 year period following the Effective Date so long as your investments are at levels consistent with amounts previously made during your period of services to Blackstone or at reduced levels of investment, subject to any minimum levels generally applicable to other Blackstone SMDs (and, provided that, if the aggregate "side-by-side" elections with respect to any such BAAM fund are in excess of the amount of the total side-by-side investment opportunity with respect to such BAAM fund, then Blackstone may scale back your investment election for such BAAM fund on a proportionate basis with other Blackstone SMDs and employees so as to accommodate any "side-by-side" elections made with respect to such BAAM fund by fee-paying third party investors).

5. Press Releases; Public Relations . Any future press releases and general public relations announcements related to your retirement from Blackstone and similar issues will be substantially consistent with the sample form attached hereto as Exhibit F.

6. Securities Trades; Compliance . Until six months following the Effective Date, you will continue to be required to seek Blackstone's approval and clearance of, and submit statements to Blackstone with respect to, securities trades in accordance with the Blackstone policies contained in the Compliance Documents on the same basis as generally applicable to other Blackstone SMDs. Nothing contained herein shall affect your obligations under applicable federal or state securities laws.

7. Complete Release . You agree that in exchange for the payments, benefits and waivers provided herein, you forever release and waive all claims, causes of action or the like, known or unknown, that you have, had or may have in the future against Blackstone and any and all present and former successors, predecessors, subsidiaries, divisions, affiliated entities, and their respective present and former directors, officers, members, partners, trustees, representatives, employees, former employees, successors and assigns or anyone else connected with it (collectively, the " Released Parties "), with respect to all matters related to your employment with Blackstone and retirement therefrom, or otherwise, by reason of facts that have occurred on or prior to the date on which you sign this Letter Agreement. This release and waiver covers both claims that you know about and those you may not know about. This Release does not affect your rights with respect to indemnification, vested equity and carry and other benefits, investments, or the right to enforce this Agreement. You agree, on the Effective Date, to execute and deliver the form of General Release attached hereto as Exhibit D. If you fail to timely execute and deliver, or you revoke the General Release within 7 days following your execution and delivery thereof, your right to receive the waivers, payments and benefits herein shall be forfeited.

8. Miscellaneous . All of the provisions contained in Schedule II are hereby incorporated by reference into this Section.

9. Governing Law . This Letter Agreement shall be governed by and interpreted in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to principles of conflicts of laws.

10. Dispute Resolution . Any dispute, controversy or other matter arising out of this Letter Agreement or otherwise referred to in the Non-Competition Agreement shall be subject to the provisions of Section VII of the SMD Non-Competition Agreement.

11. Headings . The headings and subheadings in this Letter Agreement are included for convenience and identification only and are in no way intended to affect, describe, interpret, define or limit the meaning, scope, extent or intent of this Letter Agreement or any provision hereof.

12. Counterparts . This Letter Agreement may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. Signatures delivered by facsimile transmission shall be effective for all purposes.

13. Certain References . Throughout this Letter Agreement, references to Sections of this Letter Agreement include the Exhibits and Schedules to this Letter Agreement (and Annexes to Exhibits) referred to in such Sections, and references to this Letter Agreement include all Exhibits and Schedules to this Letter Agreement (and Annexes to Exhibits).

IN WITNESS WHEREOF, the undersigned have executed this Letter Agreement as of the date first above written.

BLACKSTONE HOLDINGS I L.P.

By: Blackstone Holdings I/II GP Inc., its general partner

/s/ Stephen A. Schwarzman

Name: Stephen A. Schwarzman
Title: Chairman & Chief Executive Officer

Accepted and agreed to as of
the date first above written:

/s/ J. Tomilson Hill

J. Tomilson Hill

Index of Schedules and Exhibits

Schedule I	-	Continuing Blackstone Entities and Definitions
Schedule II	-	Miscellaneous Provisions
Exhibit A	-	Senior Managing Director Agreement and Non-Competition Agreement
Exhibit B	-	Exchange Memo
Exhibit C	-	Investor Statement
Exhibit D	-	General Release
Exhibit E	-	Blackstone Unit Award Schedule
Exhibit F	-	Sample Press Release

Schedule I

Continuing Blackstone Entities and Definitions

1. Except as otherwise specifically provided for herein, you hereby voluntarily withdraw as a partner and/or member (as applicable) from Blackstone Holdings I L.P. and each of Blackstone's other affiliated entities. Immediately following the Effective Date, you and your personal planning vehicles will remain a member or partner of certain entities listed below (the " Continuing Entities ") on the terms and conditions set forth in the applicable Governing Agreements (as defined below) for such Continuing Entities (and as modified by this Letter Agreement) for members or partners who have ceased to be employed by, or otherwise provide services to, Blackstone Entities or in any applicable Blackstone memoranda related to such Continuing Entities.

" Participation Entities "

BSCH, BCOM, BCP IV, BCP V, BCP VI, BCP VII, BCTP, BEP, BEP II, Patria – P2 III, Patria, PE V, BCRED, BPP SMA-Europe, BPP SMA-US, BPP-US, BREDS II, BREDS III, BREP Asia, BREP Europe III, BREP Europe IV, BREP Europe V, BREP Intl II, BREP IV, BREP V, BREP VI, BREP VII, BREP VIII, Special Sits Europe, Special Sits II, Bakken, Beacon, BMEZZ II, CDCG, COCA, COF II, COF III, CSF I, CSF II, EPA, EPB, EPC, EPC II, EPD, ESDF, ESOF, SJ, Special, SP VI RE, SP VII, BMO and BTOF subject to Section 4 of the Letter Agreement to which this Schedule is attached.

" Blackstone Holdings "

Blackstone Holdings I L.P. (solely to the extent you hold equity interests therein)

Blackstone Holdings II L.P. (solely to the extent you hold equity interests therein)

Blackstone Holdings III L.P. (solely to the extent you hold equity interests therein)

Blackstone Holdings IV L.P. (solely to the extent you hold equity interests therein)

Blackstone Holdings AI L.P. (solely to the extent you hold equity interests therein)

2. Your interests in the Participation Entities are set forth on the BX Access system (collectively, the " Investor Statements ") attached hereto as Exhibit C. The parties acknowledge and agree that such Exhibit C reflects only an estimate of such information contained therein and is subject to change.

" Governing Agreement " of any Blackstone Entity means the limited partnership agreement, limited liability company agreement or other governing agreement of such Blackstone Entity, in each case as modified by this Letter Agreement, and as amended, supplemented, restated or otherwise modified through the Effective Date.

Schedule II

Miscellaneous Provisions

1. Right of Offset . It is hereby agreed that, with respect to any payments due under the Letter Agreement to which this Schedule is attached (this " Letter Agreement "), the Governing Agreements of the Blackstone Entities and any other agreement between you and the Blackstone Entities, the Blackstone Entities shall have the right to set off and apply against any amounts at any time payable by any Blackstone Entity to you pursuant to the provisions hereof or otherwise any amounts payable by you to any Blackstone Entity (excluding amounts required to repay your Blackstone-related loans and interest, if any, to JPMorgan Chase Bank, N.A. (or its successor from time to time) (" JPMorgan ") and excluding the Designated Special Equity Awards.

It is further agreed that if, at any time, it is determined by Stephen A. Schwarzman (or his successor as Chairman and Chief Executive Officer, " SAS ") that you are in breach of any of your agreements or obligations under this Letter Agreement, the Non-Competition Agreement or any Blackstone Entity Governing Agreement, as amended by this Letter Agreement, the Blackstone Entities shall have the right to recover from you, and to set off against amounts otherwise payable by any of the Blackstone Entities to you, up to the amount of likely damages suffered by Blackstone and/or the amount of your liability to the Blackstone Entities resulting from such breach or from such act or omission constituting "Cause" (in any case, as determined by SAS) (excluding amounts required to repay your Blackstone-related loans and interest, if any, to JPMorgan and excluding the Designated Special Equity Awards). In such case, Blackstone will provide you with written notice of such set-off. As used herein, " Cause " shall have the meaning set forth in Section 5(b) of the SMD Agreement (as defined below).

If any set off is made by any Blackstone Entity pursuant to this Paragraph 1 and it is ultimately determined that the amount payable by you to the Blackstone Entities, and/or the amount of actual damages suffered by Blackstone and/or the amount of your actual liability to the Blackstone Entities is less than the amount set off with respect to such amount payable by you and/or such damages and/or such liability pursuant to this Paragraph 1, then (x) Blackstone shall return to you the excess amount so set off, together with interest from the date of set-off at a rate equal to the average prime rate of interest published by JPMorgan and (y) if you have obtained a legal judgment ordering Blackstone to pay you such amounts, then Blackstone also shall reimburse you for your reasonable legal fees directly related to obtaining such judgment.

2. Notices . Any notice or other communication required or which may be given to any party hereunder shall be in writing and shall be deemed given effectively if delivered personally to such party (or, in the case of the Blackstone Entities, to the Chief Legal Officer) or sent by facsimile transmission as follows:

To you:

J. Tomilson Hill
c/o Cravath, Swaine & Moore LLP
825 Eighth Avenue

New York, New York 10019
Attention: Eric Hilfers
Kenneth Halcom
Facsimile: 212-474-3700

To the Blackstone Entities:

c/o The Blackstone Group L.P.
345 Park Avenue
New York, New York 10154
Attention: Chief Legal Officer
Facsimile: 212-583-5719

Any party may change the persons and addresses to which notices or other communications are to be sent by giving written notice of such change to the other party in the manner provided herein for giving notice.

3. Entire Agreement, Etc .

(a) This Letter Agreement constitutes an amendment of each prior written or oral agreement between Blackstone and you, including, without limitation, the SMD Agreement, the Non-Competition Agreement, the plans and agreements governing your Holding Units, Common Units, Bonus Deferral Units, Special Equity Awards and carried interests in any Blackstone Fund and any other similar prior agreement (collectively, the " Prior Agreements "). To the extent of any inconsistency between this Letter Agreement and any Prior Agreements, this Letter Agreement shall prevail. For the avoidance of doubt, the Non- Competition Agreement, as modified herein, remains in full force and effect.

(b) This Letter Agreement has been prepared, executed and delivered for the purpose, among other things, of settling all claims (except as otherwise expressly provided herein) that you or any of your affiliates have or may have against any Blackstone Entity. By executing and delivering this Letter Agreement, you, on behalf of yourself and your affiliates, and Blackstone on behalf of itself and its successors and assigns, expressly agree that no draft, memorandum, summary of proposed terms, notes or other document (other than this Letter Agreement, as executed and delivered by the parties) or written or oral statement prepared or made in connection with the negotiation, preparation, execution and delivery of this Letter Agreement, nor any payment or delivery hereunder, shall constitute, or be deemed to constitute, evidence of the agreement or intentions of the parties with respect to the subject matter of this Letter Agreement.

4. Amendment, Etc . This Letter Agreement may not be amended, supplemented, modified, canceled or discharged except by a written instrument executed by you and the relevant Blackstone Entity or Entities, and no provision hereof shall be waived except by a written instrument executed by the party granting such waiver. To the extent this Letter Agreement is inconsistent with any of the Governing Agreements of any Blackstone Entity, this Letter Agreement will control, and each party hereto will exercise any of such party's rights and powers under any Blackstone Entity Governing Agreement in a manner that is not inconsistent

with the provisions of this Letter Agreement. If any of the parties shall waive the breach of any provision of this Letter Agreement, such party will not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Letter Agreement. The rights and remedies of each party in this Letter Agreement are cumulative and not exclusive, and the exercise by any party of any right or remedy provided in this Letter Agreement shall not preclude any exercise by such party of any other rights or remedies of such party in this Letter Agreement, in the Blackstone Entities Governing Agreements or in any other agreement or at law, in equity, under any statute or otherwise. The parties reserve the right, without notice to or consent of any third person, at any time to waive any rights hereunder or by mutual agreement to amend this Letter Agreement in any respect or by mutual agreement to terminate this Letter Agreement.

5. Successors and Assigns, Etc . This Letter Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns, including successors and assigns resulting from any change in form of any Blackstone Entity. It is acknowledged and agreed that any trusts, estate planning vehicles or other similar entities to which you have transferred an interest in any Blackstone Entity (or you have otherwise designated as a partner/member in the Blackstone Entities) shall be treated in the same manner as you are hereunder with respect thereto. In the event of your death or a judicial determination of your incapacity, references in this Letter Agreement to "you" shall be deemed to refer, as appropriate, to your heirs, beneficiaries, executor or other legal representative. You hereby consent to (i) the conversion (by merger or otherwise) to limited partnership, limited liability company, corporate or limited duration company status of any of the Blackstone Entities in which you have a continuing interest, and (ii) any amendments to any of the Blackstone Entity agreements to which you will continue to be a party, to the extent such conversion or amendments do not adversely affect your interests in a material manner and treat you in a manner that is materially less favorable than other withdrawn members or withdrawn partners of such Blackstone Entity are treated generally. Time shall be of the essence of this Letter Agreement.

6. Consents . Blackstone and you hereby:

(a) Consent to and approve the execution, delivery and performance of this Letter Agreement and consummation of all transactions (the " Transactions ") contemplated hereby, for all purposes of any provision of the Governing Agreements of the Blackstone Entities and/or any provision of applicable law; and

(b) To the fullest extent permitted by applicable law, agree that the consent and approval set forth herein shall constitute all consents and approvals that are required for the execution, delivery and performance of this Letter Agreement by each of the Blackstone Entities party hereto and the consummation of the Transactions under any provision of the Governing Agreements of the Blackstone Entities and under applicable law; and the terms, conditions, procedures and requirements contemplated by this Letter Agreement in order to effect the Transactions shall be sufficient to effect the Transactions for all purposes of such Governing Agreements and shall be in lieu of any and all other or additional terms, conditions, procedures or requirements set forth in such Governing Agreements or under applicable law that might otherwise be required to effect the Transactions (including, without limitation, any requirement of notice, consent, approval, consultation or the execution of any document).

Exhibit 10.92

EXECUTION VERSION

HIGHLY CONFIDENTIAL & TRADE SECRET

BTOA III L.P.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

DATED AS OF FEBRUARY 27, 2019
EFFECTIVE AS OF MAY 24, 2018

THE LIMITED PARTNERSHIP INTERESTS (THE " INTERESTS ") OF BTOA III L.P. (THE " PARTNERSHIP ") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE " SECURITIES ACT "), THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS, AND ANY OTHER APPLICABLE SECURITIES LAWS; AND (II) THE TERMS AND CONDITIONS OF THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT. THE INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT. THEREFORE, PURCHASERS OF SUCH INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

TABLE OF CONTENTS

		Page
ARTICLE I DEFINITIONS		2
Section 1.1.	Definitions	2
Section 1.2.	Terms Generally	17
ARTICLE II GENERAL PROVISIONS		17
Section 2.1.	Conversion; Formation	17
Section 2.2.	General Partner, Limited Partner, Special Partner	18
Section 2.3.	Continuation; Name; Foreign Jurisdictions	19
Section 2.4.	Term	19
Section 2.5.	Purposes; Powers	19
Section 2.6.	Place of Business	21
ARTICLE III MANAGEMENT		21
Section 3.1.	General Partner	21
Section 3.2.	Partner Voting, etc.	22
Section 3.3.	Management	22
Section 3.4.	Responsibilities of Partners	24
Section 3.5.	Exculpation and Indemnification	25
Section 3.6.	Representations of Partners	27
Section 3.7.	Tax Representation and Further Assurances	28
ARTICLE IV CAPITAL OF THE PARTNERSHIP		29
Section 4.1.	Capital Contributions by Partners	29
Section 4.2.	Interest	36
Section 4.3.	Withdrawals of Capital	36
ARTICLE V PARTICIPATION IN PROFITS AND LOSSES		37
Section 5.1.	General Accounting Matters	37
Section 5.2.	GP-Related Capital Accounts	38
Section 5.3.	GP-Related Profit Sharing Percentages	39
Section 5.4.	Allocations of GP-Related Net Income (Loss)	40
Section 5.5.	Liability of Partners	41
Section 5.6.	[Intentionally omitted.]	41
Section 5.7.	Repurchase Rights, etc.	41
Section 5.8.	Distributions	41
Section 5.9.	Business Expenses	48
Section 5.10.	Tax Capital Accounts; Tax Allocations	48
ARTICLE VI ADDITIONAL PARTNERS; WITHDRAWAL OF PARTNERS; SATISFACTION AND DISCHARGE OF PARTNERSHIP INTERESTS; TERMINATION		49
Section 6.1.	Additional Partners	49
Section 6.2.	Withdrawal of Partners	50

TABLE OF CONTENTS
(continued)

		Page
Section 6.3.	GP-Related Partner Interests Not Transferable	51
Section 6.4.	Consequences upon Withdrawal of a Partner	52
Section 6.5.	Satisfaction and Discharge of a Withdrawn Partner's GP-Related Partner Interests	53
Section 6.6.	Dissolution of the Partnership	58
Section 6.7.	Certain Tax Matters	58
Section 6.8.	Special Basis Adjustments	60
ARTICLE VII CAPITAL COMMITMENT INTERESTS; CAPITAL CONTRIBUTIONS; ALLOCATIONS; DISTRIBUTIONS		60
Section 7.1.	Capital Commitment Interests, etc.	60
Section 7.2.	Capital Commitment Capital Accounts	61
Section 7.3.	Allocations	62
Section 7.4.	Distributions	62
Section 7.5.	Valuations	66
Section 7.6.	Disposition Election	67
Section 7.7.	Capital Commitment Special Distribution Election	67
ARTICLE VIII WITHDRAWAL, ADMISSION OF NEW PARTNERS		67
Section 8.1.	Partner Withdrawal; Repurchase of Capital Commitment Interests	67
Section 8.2.	Transfer of Partner's Capital Commitment Interest	73
Section 8.3.	Compliance with Law	73
ARTICLE IX DISSOLUTION		73
Section 9.1.	Dissolution	73
Section 9.2.	Final Distribution	73
Section 9.3.	Amounts Reserved Related to Capital Commitment Partner Interests	74
ARTICLE X MISCELLANEOUS		75
Section 10.1.	Submission to Jurisdiction; Waiver of Jury Trial	75
Section 10.2.	Ownership and Use of the Blackstone Name	76
Section 10.3.	Written Consent	76
Section 10.4.	Letter Agreements; Schedules	77
Section 10.5.	Governing Law; Separability of Provisions	77
Section 10.6.	Successors and Assigns; Third Party Beneficiaries	77
Section 10.7.	Confidentiality	77
Section 10.8.	Notices	78
Section 10.9.	Counterparts	78
Section 10.10.	Power of Attorney	79
Section 10.11.	Partner's Will	79
Section 10.12.	Cumulative Remedies	79
Section 10.13.	Legal Fees	79
Section 10.14.	Entire Agreement	79

BTOA III L.P.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT of BTOA III L.P., a Delaware limited partnership (the " Partnership "), dated as of February 27, 2019, and effective as of May 24, 2018, by and among BTO GP L.L.C., a Delaware limited liability company, as general partner of the Partnership (in its capacity as general partner of the Partnership (the " General Partner ")), and such other persons that are admitted to the Partnership as partners after the date hereof in accordance herewith.

W I T N E S S E T H

WHEREAS, BTOA III L.L.C. (the " Company ") was formed as a limited liability company under the laws of the State of Delaware pursuant to the filing of a certificate of formation with the office of the Secretary of State of the State of Delaware on January 18, 2017; and a limited liability company agreement, dated as of January 18, 2017 (the " LLC Agreement "), by Blackstone Holdings III L.P., as the managing member of the Company;

WHEREAS, (i) the Company's conversion to BTOA III L.P., a Delaware limited partnership, and (ii) the adoption of this Agreement were each authorized under the LLC Agreement, and the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.), as amended from time to time, and any successor to such statute (the " LLC Act ");

WHEREAS, on May 24, 2018 (the " Conversion Date "), the Company was converted to a Delaware limited partnership (the " Conversion ") pursuant to the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. § 17-101, et seq., as it may be amended from time to time (the " Partnership Act "), and Section 18-216 of the LLC Act by causing the filing in the office of the Secretary of State of the State of Delaware of a certificate of conversion to limited partnership of the Company to the Partnership and a certificate of limited partnership of the Partnership (the " Certificate of Limited Partnership ");

WHEREAS, the limited liability company interests of the Company were converted into partnership interests in the Partnership in accordance with Section 2.1 of this Agreement;

WHEREAS, in accordance with Section 17-217(g) of the Partnership Act, the Partnership shall constitute a continuation of the existence of the Company in the form of a Delaware limited partnership and, for all purposes of the laws of the State of Delaware, shall be deemed to be the same entity as the Company;

WHEREAS, the parties hereto desire to enter into this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree to continue the existence of the Company in the form of the Partnership, and as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions . Unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Agreement:

" Adjustment Amount " has the meaning set forth in Section 8.1(b)(ii).

" Advancing Party " has the meaning set forth in Section 7.1(c).

" Affiliate " when used with reference to another person means any person (other than the Partnership), directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such other person, which may include, for greater certainty and as the context requires, endowment funds, estate planning vehicles (including any trusts, family members, family investment vehicles, descendant, trusts and other related persons and entities), charitable programs and other similar and/or related vehicles or accounts associated with or established by Blackstone and/or its affiliates, partners and current and/or former employees and/or related persons.

" Agreement " means this Amended and Restated Limited Partnership Agreement, as it may be further amended, supplemented, restated or otherwise modified from time to time.

" Alternative Vehicle " means any investment vehicle or structure formed pursuant to Section 2.9 of the BTO III Partnership Agreement or any other "Alternative Vehicle" (as defined in any other BTO III Agreements).

" Applicable Collateral Percentage " with respect to any Firm Collateral or Special Firm Collateral, has the meaning set forth in the books and records of the Partnership with respect thereto.

" Associates III " means Blackstone Tactical Opportunities Associates III L.P., a Delaware limited partnership and the general partner of BTO III, or any other entity that serves as the general partner or managing member of a vehicle indicated in the definition of BTO III.

" Associates III LP Agreement " means the limited partnership agreement, dated as of the date set forth therein, of Associates III, as it may be amended, supplemented, restated or otherwise modified from time to time.

" Bankruptcy " means, with respect to any person, the occurrence of any of the following events: (i) the filing of an application by such person for, or a consent to, the appointment of a trustee or custodian of his or her assets; (ii) the filing by such person of a voluntary petition in Bankruptcy or the seeking of relief under Title 11 of the United States Code, as now constituted or hereafter amended, or the filing of a pleading in any court of record admitting in writing his or her inability to pay his or her debts as they become due; (iii) the failure of such person to pay his or her debts as such debts become due; (iv) the

making by such person of a general assignment for the benefit of creditors; (v) the filing by such person of an answer admitting the material allegations of, or his or her consenting to, or defaulting in answering, a Bankruptcy petition filed against him or her in any Bankruptcy proceeding or petition seeking relief under Title 11 of the United States Code, as now constituted or as hereafter amended; or (vi) the entry of an order, judgment or decree by any court of competent jurisdiction adjudicating such person a bankrupt or insolvent or for relief in respect of such person or appointing a trustee or custodian of his or her assets and the continuance of such order, judgment or decree unstayed and in effect for a period of 60 consecutive days.

" BE Agreement " means the limited partnership agreement, limited liability company agreement or other governing document of any limited partnership, limited liability company or other entity referred to in the definition of "Blackstone Entity," as such limited partnership agreement, limited liability company agreement or other governing document may be amended, supplemented, restated or otherwise modified to date, and as such limited partnership agreement, limited liability company agreement or other governing document may be further amended, supplemented, restated or otherwise modified from time to time.

" BE Investment " means any direct or indirect investment by any Blackstone Entity.

" Blackstone " means, collectively, The Blackstone Group L.P., a Delaware limited partnership, and any Affiliate thereof (excluding any natural persons and any portfolio companies, investments or similar entities of any Blackstone-sponsored fund (or any affiliate thereof that is not otherwise an Affiliate of The Blackstone Group L.P.)).

" Blackstone Commitment " has the meaning set forth in the BTO III Partnership Agreement.

" Blackstone Entity " means any partnership, limited liability company or other entity (excluding any natural persons and any portfolio companies of any Blackstone-sponsored fund) that is an Affiliate of The Blackstone Group L.P., as designated by the General Partner in its sole discretion.

" Blackstone Holdings III L.P. " means Blackstone Holdings III L.P., a Québec société en commandite.

" BTO " means (i) the investment funds, vehicles and/or managed accounts managed on a day-to-day basis primarily by personnel in the Blackstone Tactical Opportunities Program (including, without limitation, Blackstone Tactical Opportunities Fund L.P., a Delaware limited partnership, and its successors), (ii) any alternative investment vehicles relating to, or formed in connection with, any of the partnerships referred to in clause (i) of this definition, (iii) any parallel fund, managed account or other capital vehicle relating to, or formed in connection with, any of the partnerships referred to in clause (i) of this definition, and (iv) any other limited partnership, limited liability company or other entity (in each case, whether now or hereafter established) of which Associates III or the General Partner serves, directly or indirectly, as the general partner, manager, managing member or in a similar capacity.

“ BTO III ” means (i) Blackstone Tactical Opportunities Fund III L.P., a Delaware limited partnership, (ii) any Alternative Vehicle relating thereto and any Parallel Fund relating thereto, (iii) any managed account or other capital vehicle relating to, or formed in connection with, Blackstone Tactical Opportunities Fund III L.P. and (iv) any other limited partnership, limited liability company or other entity (in each case, whether now or hereafter established) of which Associates III or the Partnership serves, directly or indirectly, as the general partner, manager, managing member or in a similar capacity.

“ BTO III Agreements ” means the collective reference to (i) the BTO III Partnership Agreement and (ii) any other BTO III partnership, limited liability company or other governing agreements, as each may be amended, supplemented, restated or otherwise modified from time to time.

“ BTO III Partnership Agreement ” means the collective reference to the Amended and Restated Agreement of Limited Partnership of each limited partnership named in clause (i) of the definition of “BTO III,” as each may be amended, supplemented, restated or otherwise modified from time to time.

“ Business Day ” means any day other than a Saturday, Sunday or other day on which banks are authorized or required by law to be closed in New York, New York.

“ Capital Commitment Associates III Partner Interest ” means the interest of the Partnership, if any, as a limited partner of Associates III with respect to any Capital Commitment BTO III Interest that may be held by Associates III.

“ Capital Commitment BTO III Commitment ” means the Capital Commitment (as defined in the BTO III Partnership Agreement), if any, of the Partnership or Associates III to BTO III that relates solely to the Capital Commitment BTO III Interest, if any.

“ Capital Commitment BTO III Interest ” means the Interest (as defined in the BTO III Partnership Agreement), if any, of the Partnership or Associates III as a capital partner in BTO III.

“ Capital Commitment BTO III Investment ” means the Partnership’s interest in a specific investment of BTO III, which interest may be held by the Partnership (i) through the Partnership’s direct interest in BTO III through the Partnership’s Capital Commitment BTO III Interest, if the Partnership holds the Capital Commitment BTO III Interest, or (ii) through the Partnership’s interest in Associates III and Associates III’s interest in BTO III through Associates III’s Capital Commitment BTO III Interest, if Associates III holds the Capital Commitment BTO III Interest.

“ Capital Commitment Capital Account ” means, with respect to each Capital Commitment Investment for each Partner, the account maintained for such Partner to which are credited such Partner’s contributions to the Partnership with respect to such Capital Commitment Investment and any net income allocated to such Partner pursuant to

Section 7.3 with respect to such Capital Commitment Investment and from which are debited any distributions with respect to such Capital Commitment Investment to such Partner and any net losses allocated to such Partner with respect to such Capital Commitment Investment pursuant to Section 7.3. In the case of any such distribution in kind, the Capital Commitment Capital Accounts for the related Capital Commitment Investment shall be adjusted as if the asset distributed had been sold in a taxable transaction and the proceeds distributed in cash, and any resulting gain or loss on such sale shall be allocated to the Partners participating in such Capital Commitment Investment pursuant to Section 7.3.

" Capital Commitment Class A Interest " has the meaning set forth in Section 7.4(f).

" Capital Commitment Class B Interest " has the meaning set forth in Section 7.4(f).

" Capital Commitment Defaulting Party " has the meaning set forth in Section 7.4(g)(ii)(A).

" Capital Commitment Deficiency Contribution " has the meaning set forth in Section 7.4(g)(ii)(A).

" Capital Commitment Disposable Investment " has the meaning set forth in Section 7.4(f).

" Capital Commitment Distributions " means, with respect to each Capital Commitment Investment, all amounts of distributions received by the Partnership with respect to such Capital Commitment Investment solely in respect of the Capital Commitment BTO III Interest, if any, less any costs, fees and expenses of the Partnership with respect thereto and less reasonable reserves for payment of costs, fees and expenses of the Partnership that are anticipated with respect thereto, in each case which the General Partner may allocate to all or any portion of such Capital Commitment Investment as it may determine in good faith is appropriate.

" Capital Commitment Giveback Amount " has the meaning set forth in Section 7.4(g)(i).

" Capital Commitment Interest " means the interest of a Partner in a specific Capital Commitment Investment as provided herein.

" Capital Commitment Investment " means any Capital Commitment BTO III Investment, but shall exclude any GP-Related Investment.

" Capital Commitment Liquidating Share " with respect to each Capital Commitment Investment means, in the case of dissolution of the Partnership, the related Capital Commitment Capital Account of a Partner (less amounts reserved in accordance with Section 9.3) immediately prior to dissolution.

" Capital Commitment Net Income (Loss) " with respect to each Capital Commitment Investment means all amounts of income received by the Partnership with respect to such Capital Commitment Investment, including without limitation gain or loss in respect of the disposition, in whole or in part, of such Capital Commitment Investment, less any costs, fees and expenses of the Partnership allocated thereto and less reasonable reserves for payment of costs, fees and expenses of the Partnership anticipated to be allocated thereto.

" Capital Commitment Partner Carried Interest " means, with respect to any Partner, the aggregate amount of distributions or payments received by such Partner (in any capacity) from Affiliates of the Partnership in respect of or relating to "carried interest." Capital Commitment Partner Carried Interest includes any amount initially received by an Affiliate of the Partnership from any fund (including BTO III, any similar funds formed after the date hereof, and any other private equity merchant banking, real estate or mezzanine funds, whether or not in existence as of the date hereof) to which such Affiliate serves as general partner (or in another similar capacity) that exceeds such Affiliate's *pro rata* share of distributions from such fund based upon capital contributions thereto (or the capital contributions to make the investment of such fund giving rise to such "carried interest").

" Capital Commitment Partner Interest " means a Partner's interest in the Partnership which relates (i) to any Capital Commitment BTO III Interest held by the Partnership or (ii) through the Partnership and Associates III, to any Capital Commitment BTO III Interest that may be held by Associates III.

" Capital Commitment Profit Sharing Percentage " with respect to each Capital Commitment Investment means the percentage interest of a Partner in Capital Commitment Net Income (Loss) from such Capital Commitment Investment set forth in the books and records of the Partnership.

" Capital Commitment Recontribution Amount " has the meaning set forth in Section 7.4(g)(i).

" Capital Commitment-Related Capital Contributions " has the meaning set forth in Section 7.1(b).

" Capital Commitment-Related Commitment , " with respect to any Partner, means such Partner's commitment to the Partnership relating to such Partner's Capital Commitment Partner Interest, as set forth in the books and records of the Partnership, including, without limitation, any such commitment that may be set forth in such Partner's Commitment Agreement or SMD Agreement, if any.

" Capital Commitment Special Distribution " has the meaning set forth in Section 7.7(a).

" Capital Commitment Value " has the meaning set forth in Section 7.5.

" Carried Interest " means (i) "Carried Interest" as defined in the BTO III Partnership Agreement, and (ii) any other carried interest distribution to a Fund GP pursuant to any BTO III Agreement. In the case of each of (i) and (ii) above, except as determined by the General Partner, the amount shall not be less any costs, fees and expenses of the Partnership with respect thereto and less reasonable reserves for payment of costs, fees and expenses of the Partnership that are anticipated with respect thereto (in each case which the General Partner may allocate among all or any portion of the GP-Related Investments as it determines in good faith is appropriate).

" Carried Interest Give Back Percentage " means, for any Partner or Withdrawn Partner, subject to Section 5.8(e), the percentage determined by dividing (A) the aggregate amount of distributions received by such Partner or Withdrawn Partner from the Partnership or any Other Fund GPs or their Affiliates in respect of Carried Interest by (B) the aggregate amount of distributions made to all Partners, Withdrawn Partners or any other person by the Partnership or any Other Fund GP or any of their Affiliates (in any capacity) in respect of Carried Interest. For purposes of determining any "Carried Interest Give Back Percentage" hereunder, all Trust Amounts contributed to the Trust by the Partnership or any Other Fund GPs on behalf of a Partner or Withdrawn Partner (but not the Trust Income thereon) shall be deemed to have been initially distributed or paid to the Partners and Withdrawn Partners as members, partners or other equity interest owners of the Partnership or any of the Other Fund GPs or their Affiliates.

" Carried Interest Sharing Percentage " means, with respect to each GP-Related Investment, the percentage interest of a Partner in Carried Interest from such GP-Related Investment set forth in the books and records of the Partnership.

" Cause " means the occurrence or existence of any of the following with respect to any Partner, as determined fairly, reasonably, on an informed basis and in good faith by the General Partner: (i) (w) any breach by any Partner of any provision of any non-competition agreement, (x) any material breach of this Agreement or any rules or regulations applicable to such Partner that are established by the General Partner, (y) such Partner's deliberate failure to perform his or her duties to the Partnership or any of its Affiliates, or (z) such Partner's committing to or engaging in any conduct or behavior that is or may be harmful to the Partnership or any of its Affiliates in a material way as determined by the General Partner; *provided,* that in the case of any of the foregoing clauses (w), (x), (y) and (z), the General Partner has given such Partner written notice (a " Notice of Breach ") within 15 days after the General Partner becomes aware of such action and such Partner fails to cure such breach, failure to perform or conduct or behavior within 15 days after receipt of such Notice of Breach from the General Partner (or such longer period, not to exceed an additional 15 days, as shall be reasonably required for such cure, provided that such Partner is diligently pursuing such cure); (ii) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against the Partnership or any of its Affiliates; (iii) conviction (on the basis of a trial or by an accepted plea of guilty or *nolo contendere*) of a felony (under U.S. law or its equivalent in any jurisdiction) or crime (including any misdemeanor charge involving moral turpitude, false statements or misleading omissions, forgery, wrongful taking, embezzlement, extortion or bribery), or a determination by a court of competent jurisdiction, by a regulatory body or by a self-regulatory body having authority with respect to securities laws, rules or regulations of the applicable securities industry, that such Partner individually has violated any applicable securities laws or any rules or regulations thereunder, or any rules of any such self-regulatory body (including, without limitation, any licensing requirement), if such

conviction or determination has a material adverse effect on (A) such Partner's ability to function as a Partner of the Partnership, taking into account the services required of such Partner and the nature of the business of the Partnership and its Affiliates or (B) the business of the Partnership and its Affiliates or (iv) becoming subject to an event described in Rule 506(d)(1)(i)-(viii) of Regulation D under the Securities Act.

" Certificate of Limited Partnership " has the meaning set forth in the preamble hereto.

" Clawback Adjustment Amount " has the meaning set forth in Section 5.8(e)(ii)(C).

" Clawback Amount " means the "Clawback Amount" and (to the extent applicable to any limited partnership, limited liability company or other entity named or referred to in the definition of "BTO III") the "Interim Clawback Amount," each as defined in the BTO III Partnership Agreement, and any other clawback amount payable to the limited partners of BTO III or to BTO III pursuant to any BTO III Agreement, as applicable.

" Clawback Provisions " means Section 3.5 and Section 9.4 of the BTO III Partnership Agreement and any other similar provisions in any other BTO III Agreement existing heretofore or hereafter entered into.

" Code " means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute. Any reference herein to a particular provision of the Code means, where appropriate, the corresponding provision in any successor statute.

" Commitment Agreements " means the agreements between the Partnership or an Affiliate thereof and Partners, pursuant to which each Partner undertakes certain obligations, including the obligation to make capital contributions pursuant to Section 4.1 and/or Section 7.1. Each Commitment Agreement is hereby incorporated by reference as between the Partnership and the relevant Partner.

" Contingent " means subject to repurchase rights and/or other requirements.

The term " control " when used with reference to any person means the power to direct the management and policies of such person, directly or indirectly, by or through stock or other equity interest ownership, agency or otherwise, or pursuant to or in connection with an agreement, arrangement or understanding (written or oral) with one or more other persons by or through stock or other equity interest ownership, agency or otherwise; and the terms " *controlling* " and " *controlled* " shall have meanings correlative to the foregoing.

" Controlled Entity " when used with reference to another person means any person controlled by such other person.

" Conversion Date " means May 24, 2018.

" Covered Person " has the meaning set forth in Section 3.5(a).

" Deceased Partner " means any Partner or Withdrawn Partner who has died or who suffers from Incompetence. For purposes hereof, references to a Deceased Partner shall refer collectively to the Deceased Partner and the estate and heirs or legal representative of such Deceased Partner, as the case may be, that have received such Deceased Partner's interest in the Partnership.

" Default Interest Rate " means the lower of (i) the sum of (a) the Prime Rate and (b) 5%, or (ii) the highest rate of interest permitted under applicable law.

" Estate Planning Vehicle " has the meaning set forth in Section 6.3(a).

" Excess Holdback " has the meaning set forth in Section 4.1(d)(v)(A).

" Excess Holdback Percentage " has the meaning set forth in Section 4.1(d)(v)(A).

" Excess Tax-Related Amount " has the meaning set forth in Section 5.8(e).

" Existing Partner " means any Partner who is neither a Retaining Withdrawn Partner nor a Deceased Partner.

" Final Event " means the death, Total Disability, Incompetence, Bankruptcy, liquidation, dissolution or Withdrawal from the Partnership of any person who is a Partner.

" Firm Advances " has the meaning set forth in Section 7.1(c).

" Firm Collateral " means a Partner's or Withdrawn Partner's interest in one or more partnerships or limited liability companies, in either case affiliated with the Partnership, and certain other assets of such Partner or Withdrawn Partner, in each case that has been pledged or made available to the Trustee(s) to satisfy all or any portion of the Excess Holdback of such Partner or Withdrawn Partner as more fully described in the Partnership's books and records; provided , that for all purposes hereof (and any other agreement (*e.g.* , the Trust Agreement) that incorporates the meaning of the term "Firm Collateral" by reference), references to "Firm Collateral" shall include "Special Firm Collateral", excluding references to "Firm Collateral" in Section 4.1(d)(v) and Section 4.1(d)(viii).

" Firm Collateral Realization " has the meaning set forth in Section 4.1(d)(v)(B).

" Fiscal Year " means a calendar year, or any other period chosen by the General Partner.

" Fund GP " means the Partnership (only with respect to the GP-Related BTO III Interest) and the Other Fund GPs.

" GAAP " means U.S. generally accepted accounting principles.

" General Partner " means BTO GP L.L.C. and any person admitted to the Partnership as an additional or substitute general partner of the Partnership in accordance with the provisions of this Agreement (until such time as such person ceases to be a general partner of the Partnership as provided herein or in the Partnership Act).

" Giveback Amount(s) " means the amount(s) payable by partners of BTO III pursuant to the Giveback Provisions.

" Giveback Provisions " means Section 5.2 of the BTO III Partnership Agreement and any other similar provisions in any other BTO III Agreement existing heretofore or hereafter entered into.

" Governmental Entity " has the meaning set forth in Section 10.7(b).

" GP-Related Associates III Interest " means the interest of the Partnership as a limited partner of Associates III with respect to the GP-Related BTO III Interest, but does not include any interest of the Partnership in Associates III with respect to any Capital Commitment BTO III Interest that may be held by Associates III.

" GP-Related BTO III Interest " means the interest of Associates III in BTO III as general partner of BTO III, excluding any Capital Commitment BTO III Interest that may be held by Associates III.

" GP-Related BTO III Investment " means the Partnership's indirect interest in Associates III's indirect interest in an Investment (for purposes of this definition, as defined in the BTO III Partnership Agreement) in Associates III's capacity as the general partner of BTO III, but does not include any Capital Commitment Investment.

" GP-Related Capital Account " has the meaning set forth in Section 5.2(a).

" GP-Related Capital Contributions " has the meaning set forth in Section 4.1(a).

" GP-Related Class A Interest " has the meaning set forth in Section 5.8(a)(ii).

" GP-Related Class B Interest " has the meaning set forth in Section 5.8(a)(ii).

" GP-Related Commitment ", with respect to any Partner, means such Partner's commitment to the Partnership relating to such Partner's GP-Related Partner Interest, as set forth in the books and records of the Partnership, including, without limitation, any such commitment that may be set forth in such Partner's Commitment Agreement or SMD Agreement, if any.

" GP-Related Defaulting Party " has the meaning set forth in Section 5.8(d)(ii)(A).

" GP-Related Deficiency Contribution " has the meaning set forth in Section 5.8(d)(ii)(A).

" GP-Related Disposable Investment " has the meaning set forth in Section 5.8(a)(ii).

" GP-Related Giveback Amount " has the meaning set forth in Section 5.8(d)(i)(A).

“ GP-Related Investment ” means any investment (direct or indirect) of the Partnership in respect of the GP-Related BTO III Interest (including, without limitation, any GP-Related BTO III Investment, but excluding any Capital Commitment Investment).

“ GP-Related Net Income (Loss) ” has the meaning set forth in Section 5.1(b).

“ GP-Related Partner Interest ” of a Partner means all interests of such Partner in the Partnership (other than such Partner’s Capital Commitment Partner Interest), including, without limitation, such Partner’s interest in the Partnership with respect to the GP-Related BTO III Interest and with respect to all GP-Related Investments.

“ GP-Related Profit Sharing Percentage ” means the “Carried Interest Sharing Percentage” and “Non-Carried Interest Sharing Percentage” of each Partner; provided , that any references in this Agreement to GP-Related Profit Sharing Percentages made (i) in connection with voting or voting rights or (ii) GP-Related Capital Contributions with respect to GP-Related Investments (including Section 5.3(b)) means the “Non-Carried Interest Sharing Percentage” of each Partner; provided further , that the term “GP-Related Profit Sharing Percentage” shall not include any Capital Commitment Profit Sharing Percentage.

“ GP-Related Recontribution Amount ” has the meaning set forth in Section 5.8(d)(i)(A).

“ GP-Related Required Amounts ” has the meaning set forth in Section 4.1(a).

“ GP-Related Unallocated Percentage ” has the meaning set forth in Section 5.3(b).

“ GP-Related Unrealized Net Income (Loss) ” attributable to any GP-Related BTO III Investment as of any date means the GP-Related Net Income (Loss) that would be realized by the Partnership with respect to such GP-Related BTO III Investment if BTO III’s entire portfolio of investments were sold on such date for cash in an amount equal to their aggregate value on such date (determined in accordance with Section 5.1(e)) and all distributions payable by BTO III to the Partnership (indirectly through the general partner of BTO III) pursuant to any BTO III Partnership Agreement with respect to such GP-Related BTO III Investment were made on such date. “GP-Related Unrealized Net Income (Loss)” attributable to any other GP-Related Investment (other than any Capital Commitment Investment) as of any date means the GP-Related Net Income (Loss) that would be realized by the Partnership with respect to such GP-Related Investment if such GP-Related Investment were sold on such date for cash in an amount equal to its value on such date (determined in accordance with Section 5.1(e)).

“ Holdback ” has the meaning set forth in Section 4.1(d)(i).

“ Holdback Percentage ” has the meaning set forth in Section 4.1(d)(i).

“ Holdback Vote ” has the meaning set forth in Section 4.1(d)(iv)(A).

" Incompetence " means, with respect to any Partner, the determination by the General Partner in its sole discretion, after consultation with a qualified medical doctor, that such Partner is incompetent to manage his or her person or his or her property.

" Initial Holdback Percentages " has the meaning set forth in Section 4.1(d)(i).

" Interest " means a partnership interest (as defined in §17-101(13) of the Partnership Act) in the Partnership, including any interest that is held by a Retaining Withdrawn Partner and including any Partner's GP-Related Partner Interest and Capital Commitment Partner Interest.

" Investment " means any investment (direct or indirect) of the Partnership designated by the General Partner from time to time as an investment in which the Partners' respective interests shall be established and accounted for on a basis separate from the Partnership's other businesses, activities and investments, including (a) GP-Related Investments, and (b) Capital Commitment Investments.

" Investor Note " means a promissory note of a Partner evidencing indebtedness incurred by such Partner to purchase a Capital Commitment Interest, the terms of which were or are approved by the General Partner and which is secured by such Capital Commitment Interest, all other Capital Commitment Interests of such Partner and all other interests of such Partner in Blackstone Entities; provided , that such promissory note may also evidence indebtedness relating to other interests of such Partner in Blackstone Entities, and such indebtedness shall be prepayable with Capital Commitment Net Income (whether or not such indebtedness relates to Capital Commitment Investments) as set forth in this Agreement, the Investor Note, the other BE Agreements and any documentation relating to Other Sources; provided further , that references to "Investor Notes" herein refer to multiple loans made pursuant to such note, whether made with respect to Capital Commitment Investments or other BE Investments, and references to an "Investor Note" refer to one such loan as the context requires. In no way shall any indebtedness incurred to acquire Capital Commitment Interests or other interests in Blackstone Entities be considered part of the Investor Notes for purposes hereof if the Lender or Guarantor is not the lender or guarantor with respect thereto.

" Investor Special Partner " means any Special Partner so designated at the time of its admission by the General Partner as a Partner of the Partnership.

" Issuer " means the issuer of any Security comprising part of an Investment.

" L/C " has the meaning set forth in Section 4.1(d)(vi).

" L/C Partner " has the meaning set forth in Section 4.1(d)(vi).

" Lender or Guarantor " means Blackstone Holdings I L.P., in its capacity as lender or guarantor under the Investor Notes, or any other Affiliate of the Partnership that makes or guarantees loans to enable a Partner to acquire Capital Commitment Interests or other interests in Blackstone Entities.

" Limited Partner " means each of the parties listed as Limited Partners in the books and records of the Partnership or any person that has been admitted to the Partnership as a substituted or additional Limited Partner in accordance with the terms of this Agreement, each in its capacity as a limited partner of the Partnership. For the avoidance of doubt, Limited Partner does not include the General Partner or any Special Partners.

" LLC Act " has the meaning set forth in the preamble hereto.

" Loss Amount " has the meaning set forth in Section 5.8(e)(i)(A).

" Loss Investment " has the meaning set forth in Section 5.8(e).

" Majority in Interest of the Partners " on any date (a " *vote date* ") means one or more persons who are Partners (including the General Partner but excluding Nonvoting Special Partners) on the vote date and who, as of the last day of the most recent accounting period ending on or prior to the vote date (or as of such later date on or prior to the vote date selected by the General Partner as of which the Partners' capital account balances can be determined), have aggregate capital account balances representing at least a majority in amount of the total capital account balances of all the persons who are Partners (including the General Partner but excluding Nonvoting Special Partners) on the vote date.

" Moody's " means Moody's Investors Service, Inc., or any successor thereto.

" Net Carried Interest Distribution " has the meaning set forth in Section 5.8(e)(i)(C).

" Net Carried Interest Distribution Recontribution Amount " has the meaning set forth in Section 5.8(e).

" Net GP-Related Recontribution Amount " has the meaning set forth in Section 5.8(d)(i)(A).

" Non-Carried Interest " means, with respect to each GP-Related Investment, all amounts of distributions, other than Carried Interest and other than Capital Commitment Distributions, received by the Partnership with respect to such GP-Related Investment, less any costs, fees and expenses of the Partnership with respect thereto and less reasonable reserves for payment of costs, fees and expenses of the Partnership that are anticipated with respect thereto, in each case which the General Partner may allocate to all or any portion of the GP-Related Investments as it may determine in good faith is appropriate.

" Non-Carried Interest Sharing Percentage " means, with respect to each GP-Related Investment, the percentage interest of a Partner in Non-Carried Interest from such GP-Related Investment set forth in the books and records of the Partnership.

" Non-Contingent " means generally not subject to repurchase rights or other requirements.

" Nonvoting Partner " has the meaning set forth in Section 8.2.

" Nonvoting Special Partner " has the meaning set forth in Section 6.1(a).

" Other Fund GPs " means Associates III and any other entity (other than the Partnership) through which any Partner, Withdrawn Partner or any other person directly receives any amounts of Carried Interest and any successor thereto; provided , that this includes any other entity which has in its organizational documents a provision which indicates that it is a "Fund GP" or an "Other Fund GP"; provided further , that notwithstanding any of the foregoing, neither BTO GP L.L.C. nor Blackstone Holdings III L.P. nor any Estate Planning Vehicle established for the benefit of family members of any Partner or of any member or partner of any Other Fund GP shall be considered an "Other Fund GP" for purposes hereof.

" Other Sources " means (i) distributions or payments of Capital Commitment Partner Carried Interest (which shall include amounts of Capital Commitment Partner Carried Interest which are not distributed or paid to a Partner but are instead contributed to a trust (or similar arrangement) to satisfy any "holdback" obligation with respect thereto), and (ii) distributions from Blackstone Entities (other than the Partnership) to such Partner.

" Parallel Fund " means any additional collective investment vehicle (or other similar arrangement) formed pursuant to Section 2.10 of the BTO III Partnership Agreement.

" Partner " means any person who is a partner of the Partnership, including the Limited Partners, the General Partner and the Special Partners. Except as otherwise specifically provided herein, no group of Partners, including the Special Partners and any group of Partners in the same Partner Category, shall have any right to vote as a class on any matter relating to the Partnership, including, but not limited to, any merger, reorganization, dissolution or liquidation.

" Partner Category " means the General Partner, Existing Partners, Retaining Withdrawn Partners or Deceased Partners, each referred to as a group for purposes hereof.

" Partnership " has the meaning set forth in the preamble hereto.

" Partnership Act " has the meaning set forth in the preamble hereto.

" Partnership Affiliate " has the meaning set forth in Section 3.3(b).

" Partnership Affiliate Governing Agreement " has the meaning set forth in Section 3.3(b).

" Pledgable Blackstone Interests " has the meaning set forth in Section 4.1(d)(v)(A).

" Prime Rate " means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate.

" Qualifying Fund " means any fund designated by the General Partner as a "Qualifying Fund".

“ Repurchase Period ” has the meaning set forth in Section 5.8(c).

“ Required Rating ” has the meaning set forth in Section 4.1(d)(vi).

“ Retained Portion ” has the meaning set forth in Section 7.6(a).

“ Retaining Withdrawn Partner ” means a Withdrawn Partner who has retained a GP-Related Partner Interest, pursuant to Section 6.5(f) or otherwise. A Retaining Withdrawn Partner shall be considered a Nonvoting Special Partner for all purposes hereof.

“ Securities ” means any debt or equity securities of an Issuer and its subsidiaries and other Controlled Entities constituting part of an Investment, including without limitation common and preferred stock, interests in limited partnerships and interests in limited liability companies (including warrants, rights, put and call options and other options relating thereto or any combination thereof), notes, bonds, debentures, trust receipts and other obligations, instruments or evidences of indebtedness, choses in action, other property or interests commonly regarded as securities, interests in real property, whether improved or unimproved, interests in oil and gas properties and mineral properties, short-term investments commonly regarded as money-market investments, bank deposits and interests in personal property of all kinds, whether tangible or intangible.

“ Securities Act ” means the U.S. Securities Act of 1933, as amended from time to time, or any successor statute.

“ Settlement Date ” has the meaning set forth in Section 6.5(a).

“ SMD Agreements ” means the agreements between the Partnership and/or one or more of its Affiliates and certain of the Partners, pursuant to which each such Partner undertakes certain obligations with respect to the Partnership and/or its Affiliates. The SMD Agreements are hereby incorporated by reference as between the Partnership and the relevant Partner.

“ Special Firm Collateral ” means interests in a Qualifying Fund or other assets that have been pledged to the Trustee(s) to satisfy all or any portion of a Partner’s or Withdrawn Partner’s Holdback obligation (excluding any Excess Holdback) as more fully described in the Partnership’s books and records.

“ Special Firm Collateral Realization ” has the meaning set forth in Section 4.1(d)(viii)(B).

“ *Special Partner* ” means any person shown in the books and records of the Partnership as a Special Partner of the Partnership, including any Nonvoting Special Partner and any Investor Special Partner.

“ S&P ” means Standard & Poor’s Ratings Group, and any successor thereto.

“ Subject Investment ” has the meaning set forth in Section 5.8(e)(i).

“ Subject Partner ” has the meaning set forth in Section 4.1(d)(iv)(A).

“ Successor in Interest ” means any (i) shareholder of; (ii) trustee, custodian, receiver or other person acting in any Bankruptcy or reorganization proceeding with respect to; (iii) assignee for the benefit of the creditors of; (iv) officer, director or partner of; (v) trustee or receiver, or former officer, director or partner, or other fiduciary acting for or with respect to the dissolution, liquidation or termination of; or (vi) other executor, administrator, committee, legal representative or other successor or assign of, any Partner, whether by operation of law or otherwise.

“ Tac Opps Program ” is the collective reference to (i) BTO and BTO III, (ii) any Alternative Vehicles, Parallel Funds or Comparable Funds (each as defined in the partnership agreements for the partnerships referred to in clause (i) above) or (iii) any other investment vehicle established pursuant to Article II of the partnership agreements for the partnerships referred to in clause (i) above.

“ Tax Advances ” has the meaning set forth in Section 6.7(d).

“ Tax Matters Partner ” has the meaning set forth in Section 6.7(b).

“ TM ” has the meaning set forth in Section 10.2.

“ Total Disability ” means the inability of a Limited Partner substantially to perform the services required of such Limited Partner (in its capacity as such or in any other capacity with respect to any Affiliate of the Partnership) for a period of six consecutive months by reason of physical or mental illness or incapacity and whether arising out of sickness, accident or otherwise.

“ Transfer ” has the meaning set forth in Section 8.2.

“ Trust Account ” has the meaning set forth in the Trust Agreement.

“ Trust Agreement ” means the Trust Agreement, dated as of the date set forth therein, as amended, supplemented, restated or otherwise modified from time to time, among the Partners, the Trustee(s) and certain other persons that may receive distributions in respect of or relating to Carried Interest from time to time.

“ Trust Amount ” has the meaning set forth in the Trust Agreement.

“ Trust Income ” has the meaning set forth in the Trust Agreement.

“ Trustee(s) ” has the meaning set forth in the Trust Agreement.

“ Unadjusted Carried Interest Distribution ” has the meaning set forth in Section 5.8(e)(i)(B).

“ Unallocated Capital Commitment Interests ” has the meaning set forth in Section 8.1(f).

“ U.S. ” means the United States of America.

“ Withdraw ” or “ Withdrawal ” with respect to a Partner means a Partner ceasing to be a partner of the Partnership (except as a Retaining Withdrawn Partner) for any reason (including death, disability, removal, resignation or retirement, whether such is voluntary or involuntary), unless the context shall limit the type of withdrawal to a specific reason, and “Withdrawn” with respect to a Partner means, as aforesaid, a Partner who has ceased to be a partner of the Partnership.

“ Withdrawal Date ” means the date of the Withdrawal from the Partnership of a Withdrawn Partner.

“ Withdrawn Partner ” means a Limited Partner whose GP-Related Partner Interest or Capital Commitment Partner Interest in the Partnership has been terminated for any reason, including the occurrence of an event specified in Section 6.2, and shall include, unless the context requires otherwise, the estate or legal representatives of any such Partner.

“ W-8BEN ” has the meaning set forth in Section 3.7.

“ W-8BEN-E ” has the meaning set forth in Section 3.7.

“ W-8IMY ” has the meaning set forth in Section 3.7.

“ W-9” has the meaning set forth in Section 3.7.

Section 1.2. Terms Generally . The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The term “ *person* ” includes individuals, partnerships (including limited liability partnerships), companies (including limited liability companies), joint ventures, corporations, trusts, governments (or agencies or political subdivisions thereof) and other associations and entities. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

ARTICLE II

GENERAL PROVISIONS

Section 2.1. Conversion; Formation. Effective as of the Conversion Date, to the maximum extent permitted by law (i) all of the organizational documents of the Company (including the certificate of formation and the LLC Agreement of the Company) are replaced and superseded in their entirety by the Certificate of Limited Partnership and this Agreement in respect of all periods beginning on or after the Conversion Date, (ii) all of the limited liability company interests in the Company issued and outstanding immediately prior to the Conversion Date are converted to all of the Interests in the Partnership, (iii) upon execution of a counterpart signature page to this Agreement BTO GP L.L.C., is hereby admitted to the Partnership as the general partner of the Partnership, and (iv) upon its admission to the Partnership in accordance with the terms hereof each Limited Partner is bound to this Agreement.

Section 2.2. General Partner, Limited Partner, Special Partner. The Partners may be General Partners, Limited Partners or Special Partners. The General Partner as of the date hereof is BTO GP L.L.C. and the Limited Partners as of the date hereof are those persons shown as Limited Partners in the books and records of the Partnership and the Special Partners as of the date hereof are those persons shown as Special Partners in the books and records of the Partnership as of the date hereof. The books and records of the Partnership contain the GP-Related Profit Sharing Percentage and GP-Related Commitment of each Partner (including, without limitation, the General Partner) with respect to the GP-Related Investments of the Partnership as of the date hereof. The books and records of the Partnership contain the Capital Commitment Profit Sharing Percentage and Capital Commitment-Related Commitment of each Partner (including, without limitation, the General Partner) with respect to the Capital Commitment Investments of the Partnership as of the date hereof. The books and records of the Partnership shall be amended by the General Partner from time to time to reflect additional GP-Related Investments, additional Capital Commitment Investments, dispositions by the Partnership of GP-Related Investments, dispositions by the Partnership of Capital Commitment Investments, the GP-Related Profit Sharing Percentages of the Partners (including, without limitation, the General Partner), as modified from time to time, the Capital Commitment Profit Sharing Percentages of the Partners (including, without limitation, the General Partner), as modified from time to time, the admission of additional Partners, the Withdrawal of Partners and the transfer or assignment of interests in the Partnership pursuant to the terms of this Agreement. At the time of admission of each additional Partner, the General Partner shall determine in its sole discretion the GP-Related Investments and Capital Commitment Investments in which such Partner shall participate and such Partner's GP-Related Commitment, Capital Commitment-Related Commitment, GP-Related Profit Sharing Percentage with respect to each such GP-Related Investment and Capital Commitment Profit Sharing Percentage with respect to each such Capital Commitment Investment. Each Partner may have a GP-Related Partner Interest and/or a Capital Commitment Partner Interest.

Section 2.3. Continuation; Name; Foreign Jurisdictions . The Partnership is hereby continued as a limited partnership pursuant to the Partnership Act and shall conduct its activities on and after the date hereof under the name of BTOA III L.P. The Certificate of Limited Partnership of the Partnership may be amended and/or restated from time to time by the General Partner, as an "authorized person" (within the meaning of the Partnership Act). The General Partner is further authorized to execute and deliver and file any other certificates (and any amendments and/or restatements thereof) necessary for the Partnership to qualify to do business in a jurisdiction in which the Partnership may wish to conduct business.

Section 2.4. Term . The term of the Partnership shall continue until December 31, 2069, unless earlier dissolved and its affairs wound up in accordance with this Agreement and the Partnership Act.

Section 2.5. Purposes; Powers . (a) The purposes of the Partnership shall be, directly or indirectly through subsidiaries or Affiliates:

(i) to serve as a limited partner or general partner of Associates III and perform the functions of a limited partner or general partner of Associates III specified in the Associates III LP Agreement and, if applicable, the BTO III Agreements;

(ii) if applicable, to serve as, and hold the Capital Commitment BTO III Interest as, a capital partner (and, if applicable, a limited partner and/or a general partner) of BTO III (including any Alternative Vehicle or Parallel Fund) and perform the functions of a capital partner (and, if applicable, a limited partner and/or a general partner) of BTO III (including any Alternative Vehicle or Parallel Fund) specified in the BTO III Agreements;

(iii) to invest in Capital Commitment Investments and/or GP-Related Investments and acquire and invest in Securities or other property directly or indirectly through Associates III and/or BTO III (including any Alternative Vehicle or Parallel Fund);

(iv) to make the Blackstone Commitment or a portion thereof, either directly or indirectly through Associates III or another entity;

(v) to serve as a general partner or limited partner of BTO III, certain other funds or vehicles (including successor vehicles) that are (or are hereafter) part of the Tac Opps Program and other partnerships and perform the functions of a general partner or limited partner specified in the respective partnership agreements, as amended, supplemented, restated or otherwise modified from time to time, of any such partnership;

(vi) to serve as a member, shareholder or other equity interest owner of limited liability companies, other companies, corporations or other entities and perform the functions of a member, shareholder or other equity interest owner specified in the respective limited liability company agreement, charter or other governing documents, as amended, supplemented, restated or otherwise modified from time to time, of any such limited liability company, company, corporation or other entity;

(vii) to carry on such other businesses, perform such other services and make such other investments as are deemed desirable by the General Partner and as are permitted under the Partnership Act, the Associates III LP Agreement, the BTO III Agreements, and any applicable partnership agreement, limited liability company agreement, charter or other governing document referred to in clause (v) or (vi) above, in each case as the same may be amended, supplemented, restated or otherwise modified from time to time;

(viii) any other lawful purpose; and

(ix) to do all things necessary, desirable, convenient or incidental thereto.

(b) In furtherance of its purposes, the Partnership shall have all powers necessary, suitable or convenient for the accomplishment of its purposes, alone or with others, as principal or agent, including the following:

(i) to be and become a general partner or limited partner of partnerships, a member of limited liability companies, a holder of common and preferred stock of corporations and/or an investor in the foregoing entities or other entities, in connection with the making of Investments or the acquisition, holding or disposition of Securities or other property or as otherwise deemed appropriate by the General Partner in the conduct of the Partnership's business, and to take any action in connection therewith;

(ii) to acquire and invest in general partner or limited partner interests, in limited liability company interests, in common and preferred stock of corporations and/or in other interests in or obligations of the foregoing entities or other entities and in Investments and Securities or other property or direct or indirect interests therein, whether such Investments and Securities or other property are readily marketable or not, and to receive, hold, sell, dispose of or otherwise transfer any such partner interests, limited liability company interests, stock, interests, obligations, Investments or Securities or other property and any dividends and distributions thereon and to purchase and sell, on margin, and be long or short, futures contracts and to purchase and sell, and be long or short, options on futures contracts;

(iii) to buy, sell and otherwise acquire investments, whether such investments are readily marketable or not;

(iv) to invest and reinvest the cash assets of the Partnership in money-market or other short-term investments;

(v) to hold, receive, mortgage, pledge, grant security interests over, lease, transfer, exchange or otherwise dispose of, grant options with respect to, and otherwise deal in and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to, all property held or owned by the Partnership;

(vi) to borrow or raise money from time to time and to issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness, to secure payment of the principal of any such indebtedness and the interest thereon by mortgage, pledge, conveyance or assignment in trust of, or the granting of a security interest in, the whole or any part of the property of the Partnership, whether at the time owned or thereafter acquired, to guarantee the obligations of others and to buy, sell, pledge or otherwise dispose of any such instrument or evidence of indebtedness;

(vii) to lend any of its property or funds, either with or without security, at any legal rate of interest or without interest;

(viii) to have and maintain one or more offices within or without the State of Delaware, and in connection therewith, to rent or acquire office space, engage personnel and compensate them and do such other acts and things as may be advisable or necessary in connection with the maintenance of such office or offices;

(ix) to open, maintain and close accounts, including margin accounts, with brokers;

(x) to open, maintain and close bank accounts and draw checks and other orders for the payment of moneys;

(xi) to engage accountants, auditors, custodians, investment advisers, attorneys and any and all other agents and assistants, both professional and nonprofessional, and to compensate any of them as may be necessary or advisable;

(xii) to form or cause to be formed and to own the stock of one or more corporations, whether foreign or domestic, to form or cause to be formed and to participate in partnerships and joint ventures, whether foreign or domestic and to form or cause to be formed and be a member or manager or both of one or more limited liability companies;

(xiii) to enter into, make and perform all contracts, agreements and other undertakings as may be necessary, convenient, advisable or incident to carrying out its purposes;

(xiv) to sue and be sued, to prosecute, settle or compromise all claims against third parties, to compromise, settle or accept judgment to claims against the Partnership, and to execute all documents and make all representations, admissions and waivers in connection therewith;

(xv) to distribute, subject to the terms of this Agreement, at any time and from time to time to the Partners cash or investments or other property of the Partnership, or any combination thereof; and

(xvi) to take such other actions necessary, desirable, convenient or incidental thereto and to engage in such other businesses as may be permitted under Delaware and other applicable law.

Section 2.6. Place of Business . The Partnership shall maintain a registered office at c/o Intertrust Corporate Services Delaware Ltd., 200 Bellevue Parkway, Suite 210, Bellevue Park Corporate Center, Wilmington, Delaware 19809. The Partnership shall maintain an office and principal place of business at such place or places as the General Partner specifies from time to time and as set forth in the books and records of the Partnership. The name and address of the Partnership's registered agent is Intertrust Corporate Services Delaware Ltd., 200 Bellevue Parkway, Suite 210, Bellevue Park Corporate Center, Wilmington, Delaware 19809. The General Partner may from time to time change the registered agent or office by an amendment to the Certificate of Limited Partnership of the Partnership.

ARTICLE III

MANAGEMENT

Section 3.1. General Partner . (a) BTO GP L.L.C. is the General Partner as of the date hereof. The General Partner shall cease to be the General Partner only if (i) it Withdraws from the Partnership for any reason, (ii) it consents in its sole discretion to resign as the General Partner, or (iii) a Final Event with respect to it occurs. The General Partner may not be removed without its consent. There may be one or more General Partners. In the event that one or more other General Partners is admitted to the Partnership as such, all references herein to the "General Partner" in the singular form shall be deemed to also refer to such other General Partners as may be appropriate. The relative rights and responsibilities of such General Partners will be as agreed upon from time to time between them.

(b) Upon the Withdrawal from the Partnership or voluntary resignation of the last remaining General Partner, all of the powers formerly vested therein pursuant to this Agreement and the Partnership Act shall be exercised by a Majority in Interest of the Partners.

Section 3.2. Partner Voting, etc . (a) Except as otherwise expressly provided herein and except as may be expressly required by the Partnership Act, Partners (including Special Partners), other than General Partners, as such shall have no right to, and shall not, take part in the management or control of the Partnership's business or act for or bind the Partnership, and shall have only the rights and powers granted to Partners of the applicable class herein.

(b) To the extent a Partner is entitled to vote with respect to any matter relating to the Partnership, such Partner shall not be obligated to abstain from voting on any matter (or vote in any particular manner) because of any interest (or conflict of interest) of such Partner (or any Affiliate thereof) in such matter.

(c) Meetings of the Partners may be called only by the General Partner.

(d) Notwithstanding any other provision of this Agreement, any Limited Partner or Withdrawn Partner that fails to respond to a notice provided by the General Partner requesting the consent, approval or vote of such Limited Partner or Withdrawn Partner within 14 days after such notice is sent to such Limited Partner or Withdrawn Partner shall be deemed to have given its affirmative consent or approval thereto.

Section 3.3. Management .

(a) The management, control and operation of the Partnership and the formulation and execution of business and investment policy shall be vested in the General Partner. The General Partner shall, in its discretion, exercise all powers necessary and convenient for the purposes of the Partnership, including those enumerated in Section 2.5, on behalf and in the name of the Partnership. All decisions and determinations (howsoever described herein) to be made by the General Partner pursuant to this Agreement shall be made in its sole discretion, subject only to the express terms and conditions of this Agreement.

(b) Notwithstanding any provision in this Agreement to the contrary, the Partnership is hereby authorized, without the need for any further act, vote or consent of any person (directly or indirectly through one or more other entities, in the name and on behalf of the Partnership, on its own behalf or in its capacity as a partner of Associates III on Associates III's own behalf or in Associates III's capacity as general partner, capital partner and/or limited partner of BTO III or as general partner or limited partner, member, shareholder or other equity interest owner of any Partnership Affiliate (as hereinafter defined) or, if applicable, in the Partnership's capacity as a capital partner of BTO III or as general or limited partner, member, shareholder or other equity interest owner of any Partnership Affiliate): (i) to execute and deliver, and to perform the Partnership's obligations under the Associates III LP Agreement, including, without limitation, serving as a partner of Associates III, (ii) to execute and deliver, and to cause Associates III to perform Associates III's obligations under, the BTO III Agreements, including, without limitation,

serving as a general partner of BTO III and, if applicable, a capital partner of BTO III, (iii) if applicable, to execute and deliver, and to perform the Partnership's obligations under, the BTO III Agreements, including, without limitation, serving as a capital partner of BTO III, (iv) to execute and deliver, and to perform, or, if applicable, to cause Associates III to perform, the Partnership's or Associates III's obligations under, the governing agreement, as amended, supplemented, restated or otherwise modified (each a " Partnership Affiliate Governing Agreement "), of any other partnership, limited liability company, other company, corporation or other entity (each a " Partnership Affiliate ") of which the Partnership or Associates III is, or is to become, a general partner or limited partner, member, shareholder or other equity interest owner, including, without limitation, serving as a general partner or limited partner, member, shareholder or other equity interest owner of each Partnership Affiliate, and (v) to take any action, in the applicable capacity, contemplated by or arising out of this Agreement, the Associates III LP Agreement, the BTO III Agreements or each Partnership Affiliate Governing Agreement (and any amendment, supplement, restatement and/or other modification of any of the foregoing).

(c) The General Partner and any other person designated by the General Partner, each acting individually, is hereby authorized and empowered, as an authorized person of the Partnership within the meaning of the Partnership Act, or otherwise, or as an authorized representative of the General Partner (the General Partner hereby authorizing and ratifying any of the following actions):

(i) to execute and deliver and/or file (including any such action, directly or indirectly through one or more other entities, in the name and on behalf of the Partnership, on its own behalf, or in its capacity as a partner of Associates III on Associates III's own behalf, or in Associates III's capacity as general partner, capital partner and/or limited partner of BTO III or as general partner or limited partner, member, shareholder or other equity interest owner of any Partnership Affiliate or, if applicable, in the Partnership's capacity as a capital partner of BTO III or as a general partner or limited partner, member, shareholder or other equity interest owner of any Partnership Affiliate), any of the following:

(A) any agreement, certificate, instrument or other document of the Partnership, Associates III, BTO III or any Partnership Affiliate (and any amendments, supplements, restatements and/or other modifications thereof), including, without limitation, the following: (I) the Associates III LP Agreement, the BTO III Agreements and each Partnership Affiliate Governing Agreement (II) subscription agreements and documents on behalf of BTO III or Associates III, (III) side letters issued in connection with investments in BTO III, and (IV) such other agreements, certificates, instruments and other documents as may be necessary or desirable in furtherance of the purposes of the Partnership, Associates III, BTO III or any Partnership Affiliate (and any amendments, supplements, restatements and/or other modifications of any of the foregoing referred to in (I) through (IV) above) and for the avoidance of doubt, this Agreement may be amended by the General Partner in its sole discretion;

(B) the certificates of formation, certificates of limited partnership and/or other organizational documents of the Partnership, Associates III, BTO III and any Partnership Affiliate (and any amendments, supplements, restatements and/or other modifications of any of the foregoing); and

(C) any other certificates, notices, applications and other documents (and any amendments, supplements, restatements and/or other modifications thereof) to be filed with any government or governmental or regulatory body, including, without limitation, any such document that may be necessary for the Partnership, Associates III, BTO III or any Partnership Affiliate to qualify to do business in a jurisdiction in which the Partnership or such Partnership Affiliate desires to do business;

(ii) to prepare or cause to be prepared, and to sign, execute and deliver and/or file (including any such action, directly or indirectly through one or more other entities, in the name and on behalf of the Partnership, on its own behalf or in its capacity as a partner of Associates III on Associates III's own behalf or in Associates III's capacity as general partner, capital partner and/or limited partner of BTO III, or as general or limited partner, member, shareholder or other equity interest owner of any Partnership Affiliate (as hereinafter defined) or, if applicable, in the Partnership's capacity as a capital partner of BTO III or as general partner or limited partner, member, shareholder or other equity interest owner of any Partnership Affiliate): (A) any certificates, forms, notices, applications and other documents to be filed with any government or governmental or regulatory body on behalf of the Partnership, Associates III, BTO III and/or any Partnership Affiliate, (B) any certificates, forms, notices, applications and other documents that may be necessary or advisable in connection with any bank account of the Partnership, Associates III, BTO III or any Partnership Affiliate or any banking facilities or services that may be utilized by the Partnership, Associates III, BTO III or any Partnership Affiliate, and all checks, notes, drafts and other documents of the Partnership or any Partnership Affiliate that may be required in connection with any such bank account or banking facilities or services and (C) resolutions with respect to any of the foregoing matters (which resolutions, when executed by any person authorized as provided in this Section 3.3(c), each acting individually, shall be deemed to have been duly adopted by the General Partner, the Partnership, Associates III, BTO III or any Partnership Affiliate, as applicable, for all purposes).

(d) The authority granted to any person (other than the General Partner) in Section 3.3(c) may be revoked at any time by the General Partner by an instrument in writing signed by the General Partner.

Section 3.4. Responsibilities of Partners .

(a) Unless otherwise determined by the General Partner in a particular case, each Limited Partner (other than a Special Partner) shall devote substantially all his or her time and attention to the businesses of the Partnership and its Affiliates, and each Special Partner shall not be required to devote any time or attention to the businesses of the Partnership or its Affiliates.

(b) All outside business or investment activities of the Partners (including outside directorships or trusteeships) shall be subject to such rules and regulations as are established by the General Partner from time to time.

(c) The General Partner may from time to time establish such other rules and regulations applicable to Partners or other employees as the General Partner deems appropriate, including rules governing the authority of Partners or other employees to bind the Partnership to financial commitments or other obligations.

Section 3.5. Exculpation and Indemnification .

(a) Liability to Partners . Notwithstanding any other provision of this Agreement, whether express or implied, to the fullest extent permitted by law, no Partner nor any of such Partner's representatives, agents or advisors nor any partner, member, officer, employee, representative, agent or advisor of the Partnership or any of its Affiliates (individually, a "Covered Person" and collectively, the "Covered Persons") shall be liable to the Partnership or any other Partner for any act or omission (in relation to the Partnership, this Agreement, any related document or any transaction or investment contemplated hereby or thereby) taken or omitted by a Covered Person (other than any act or omission constituting Cause), unless there is a final and non-appealable judicial determination and/or determination of an arbitrator that such Covered Person did not act in good faith. Each Covered Person shall be entitled to rely in good faith on the advice of legal counsel to the Partnership, accountants and other experts or professional advisors, and no action taken by any Covered Person in reliance on such advice shall in any event subject such person to any liability to any Partner or the Partnership. To the extent that, at law or in equity, a Partner has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to another Partner, to the fullest extent permitted by law, such Partner acting under this Agreement shall not be liable to the Partnership or to any such other Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of a Partner otherwise existing at law or in equity, are agreed by the Partners, to the fullest extent permitted by law, to modify to that extent such other duties and liabilities of such Partner. To the fullest extent permitted by law, the parties hereto agree that the General Partner shall be held to have acted in good faith for the purposes of this Agreement and its duties under the Partnership Act if it believes that it has acted honestly and in accordance with the specific terms of this Agreement.

(b) Indemnification . (i) To the fullest extent permitted by law, the Partnership shall indemnify and hold harmless (but only to the extent of the Partnership's assets (including, without limitation, the remaining capital commitments of the Partners) each Covered Person from and against any and all claims, damages, losses, costs, expenses and liabilities (including, without limitation, amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim), joint and several, of any nature whatsoever, known or unknown, liquidated or unliquidated (collectively, for purposes of this Section 3.5(b), "Losses"), arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which the Covered Person may be involved, or threatened to be involved, as a party or otherwise, by reason of such Covered Person's management of the affairs of the Partnership or which relate to or arise out of or in connection with the Partnership, its property, its

business or affairs (other than claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, arising out of any act or omission of such Covered Person constituting Cause); provided , that a Covered Person shall not be entitled to indemnification under this Section 3.5(b) with respect to any claim, issue or matter if there is a final and non-appealable judicial determination and/or determination of an arbitrator that such Covered Person did not act in good faith; provided further , that if such Covered Person is a Partner or a Withdrawn Partner, such Covered Person shall bear its share of such Losses in accordance with such Covered Person's GP-Related Profit Sharing Percentage in the Partnership as of the time of the actions or omissions that gave rise to such Losses. To the fullest extent permitted by law, expenses (including legal fees) incurred by a Covered Person (including, without limitation, the General Partner) in defending any claim, demand, action, suit or proceeding may, with the approval of the General Partner, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of a written undertaking by or on behalf of the Covered Person to repay such amount to the extent that it shall be subsequently determined that the Covered Person is not entitled to be indemnified as authorized in this Section 3.5(b), and the Partnership and its Affiliates shall have a continuing right of offset against such Covered Person's interests/investments in the Partnership and such Affiliates and shall have the right to withhold amounts otherwise distributable to such Covered Person to satisfy such repayment obligation. If a Partner institutes litigation against a Covered Person which gives rise to an indemnity obligation hereunder, such Partner shall be responsible, up to the amount of such Partner's
Interests and remaining capital commitment, for such Partner's *pro rata* share of the Partnership's expenses related to such indemnity obligation, as determined by the General Partner. The Partnership may purchase insurance, to the extent available at reasonable cost, to cover losses, claims, damages or liabilities covered by the foregoing indemnification provisions. Partners will not be personally obligated with respect to indemnification pursuant to this Section 3.5(b). The General Partner shall have the authority to enter into separate agreements with any Covered Person in order to give effect to the obligations to indemnify pursuant to this Section 3.5(b).

(ii) (A) Notwithstanding anything to the contrary herein, for greater certainty, it is understood and/or agreed that the Partnership's obligations hereunder are not intended to render the Partnership as a primary indemnitor for purposes of the indemnification, advancement of expenses and related provisions under applicable law governing BTO III and/or a particular portfolio entity through which an Investment is indirectly held. It is further understood and/or agreed that a Covered Person shall first seek to be so indemnified and have such expenses advanced in the following order of priority: first, out of proceeds available in respect of applicable insurance policies maintained by the applicable portfolio entity and/or BTO III; second, by the applicable portfolio entity through which such investment is indirectly held; third, by BTO III and fourth by Associates III (only to the extent the foregoing sources are exhausted).

(B) The Partnership's obligation, if any, to indemnify or advance expenses to any Covered Person shall be reduced by any amount that such Covered Person may collect as indemnification or advancement from BTO III and/or the applicable portfolio entity (including by virtue of any applicable insurance policies maintained thereby), and to the extent the Partnership (or any Affiliate thereof) pays or causes to be paid any amounts that should have been paid by Associates III, BTO III and/or the applicable portfolio entity (including by virtue of any applicable insurance policies maintained thereby), it is agreed among the Partners that the Partnership shall have a subrogation claim against Associates III and/or BTO III and/or such portfolio entity in respect of such advancement or payments. The General Partner and the Partnership shall be specifically empowered to structure any such advancement or payment as a loan or other arrangement (except for a loan to an executive officer of The Blackstone Group L.P. or any of its Affiliates, which shall not be permitted) as the General Partner may determine necessary or advisable to give effect to or otherwise implement the foregoing.

Section 3.6. Representations of Partners .

(a) Each Limited Partner and Special Partner by execution of this Agreement (or by otherwise becoming bound by the terms and conditions hereof as provided herein or in the Partnership Act) represents and warrants to every other Partner and to the Partnership, except as may be waived by the General Partner, that such Partner is acquiring each of such Partner's Interests for such Partner's own account for investment and not with a view to resell or distribute the same or any part hereof, and that no other person has any interest in any such Interest or in the rights of such Partner hereunder; *provided,* that a Partner may choose to make transfers for estate and charitable planning purposes (pursuant to Section 6.3(a) and otherwise in accordance with the terms hereof). Each Limited Partner and Special Partner represents and warrants that such Partner understands that the Interests have not been registered under the Securities Act and therefore such Interests may not be resold without registration under such Act or exemption from such registration, and that accordingly such Partner must bear the economic risk of an investment in the Partnership for an indefinite period of time. Each Limited Partner and Special Partner represents that such Partner has such knowledge and experience in financial and business matters, that such Partner is capable of evaluating the merits and risks of an investment in the Partnership, and that such Partner is able to bear the economic risk of such investment. Each Limited Partner and Special Partner represents that such Partner's overall commitment to the Partnership and other investments which are not readily marketable is not disproportionate to the Partner's net worth and the Partner has no need for liquidity in the Partner's investment in Interests. Each Limited Partner and Special Partner represents that to the full satisfaction of the Partner, the Partner has been furnished any materials that such Partner has requested relating to the Partnership, any Investment and the offering of Interests and has been afforded the opportunity to ask questions of representatives of the Partnership concerning the terms and conditions of the offering of Interests and any matters pertaining to each Investment and to obtain any other additional information relating thereto. Each Limited Partner and Special Partner represents that the Partner has consulted to the extent deemed appropriate by the Partner with the Partner's own advisers as to the financial, tax, legal and related matters concerning an investment in Interests and on that basis believes that an investment in the Interests is suitable and appropriate for the Partner.

(b) Each Limited Partner and Special Partner agrees that the representations and warranties contained in paragraph (a) above shall be true and correct as of any date that such Partner (1) makes a capital contribution to the Partnership (whether as a result of Firm Advances made to such Partner or otherwise) with respect to any Investment, and such Partner hereby agrees that such capital contribution shall serve as confirmation thereof and/or (2) repays any portion of the principal amount of a Firm Advance, and such Partner hereby agrees that such repayment shall serve as confirmation thereof.

Section 3.7. Tax Represen tation and Further Assurances . (a) Each Limited Partner and Special Partner, upon the request of the General Partner, agrees to perform all further acts and to execute, acknowledge and deliver any documents that may be reasonably necessary to comply with the General Partner's or the Partnership's obligations under applicable law or to carry out the provisions of this Agreement.

(b) Each Limited Partner and Special Partner certifies that (A) if the Limited Partner or Special Partner is a United States person (as defined in the Code) (x) (i) the Limited Partner or Special Partner's name, social security number (or, if applicable, employer identification number) and address provided to the Partnership and its Affiliates pursuant to an IRS Form W- 9, Request for Taxpayer Identification Number Certification (" W-9 ") or otherwise are correct and (ii) the Limited Partner or Special Partner will complete and return a W-9 and (y) (i) the Limited Partner or Special Partner is a United States person (as defined in the Code) and (ii) the Limited Partner or Special Partner will notify the Partnership within 60 days of a change to foreign (non-United States) status or (B) if the Limited Partner or Special Partner is not a United States person (as defined in the Code) (x) (i) the information on the completed IRS Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals) (" W-8BEN "), IRS Form W-8BEN-E, Certificate of Status of Beneficial Owner for United States Tax Withholding and Reporting (Entities) (" W-8BEN-E "), or other applicable form, including but not limited to IRS Form W-8IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding and Reporting (" W-8IMY "), or otherwise is correct and (ii) the Limited Partner or Special Partner will complete and return the applicable IRS form, including but not limited to a W-8BEN, W-8BEN-E or W-8IMY, and (y) (i) the Limited Partner or Special Partner is not a United States person (as defined in the Code) and (ii) the Limited Partner or Special Partner will notify the Partnership within 60 days of any change of such status. Each Limited Partner and Special Partner agrees to provide such cooperation and assistance, including but not limited to properly executing and providing to the Partnership in a timely manner any tax or other documentation or information that may be reasonably requested by the Partnership or the General Partner.

(c) Each Limited Partner and Special Partner acknowledges and agrees that the Partnership and the General Partner may release confidential information or other information about the Limited Partner or Special Partner or related to such Limited Partner or Special Partner's investment in the Partnership if the Partnership or the General Partner, in its or their sole discretion, determines that such disclosure is required by applicable law or regulation or in order to comply for an exception from, or reduced tax rate of, tax or other tax benefit. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on any such person by law or otherwise, and a Limited Partner or Special Partner shall have no claim against the Partnership, the General Partner or any of their Affiliates for any form of damages or liability as a result of actions taken by the foregoing in order to comply with any disclosure obligations that the foregoing reasonably believe are required by law, regulation or otherwise.

(d) Each Limited Partner and Special Partner acknowledges and agrees that if it provides information that is in anyway materially misleading, or if it fails to provide the Partnership or its agents with any information requested hereunder, in either case in order to satisfy the Partnership's obligations, the General Partner reserves the right to take any action and pursue any remedies at its disposal, including (i) requiring such Limited Partner or Special Partner to Withdraw for Cause and (ii) withholding or deducting any costs caused by such Limited Partner's action or inaction from amounts otherwise distributable to such Limited Partner or Special Partner from the Partnership and its Affiliates.

ARTICLE IV

CAPITAL OF THE PARTNERSHIP

Section 4.1. Capital Contributions by Partners . (a) Each Limited Partner shall be required to make capital contributions to the Partnership (" GP-Related Capital Contributions ") at such times and in such amounts (the " GP-Related Required Amounts ") as are required to satisfy the Partnership's obligation to make capital contributions to Associates III in respect of the GP-Related Associates III Interest to fund Associates III's capital contributions with respect to any GP-Related BTO III Investment and as are otherwise determined by the General Partner from time to time or as may be set forth in such Limited Partner's Commitment Agreement or SMD Agreement, if any, or otherwise; provided , that additional GP-Related Capital Contributions in excess of the GP-Related Required Amounts may be made *pro rata* among the Limited Partners based upon each Limited Partner's Carried Interest Sharing Percentage. GP-Related Capital Contributions in excess of the GP-Related Required Amounts which are to be used for ongoing business operations (as distinct from financing, legal or other specific liabilities of the Partnership (including those specifically set forth in Section 4.1(d) and Section 5.8(d))) shall be determined by the General Partner. Special Partners shall not be required to make additional GP-Related Capital Contributions to the Partnership in excess of the GP-Related Required Amounts, except (i) as a condition of an increase in such Special Partner's GP-Related Profit Sharing Percentage or (ii) as specifically set forth in this Agreement; provided , that the General Partner and any Special Partner may agree from time to time that such Special Partner shall make an additional GP-Related Capital Contribution to the Partnership; provided further , that each Investor Special Partner shall maintain its GP-Related Capital Accounts at an aggregate level equal to the product of (i) its GP-Related Profit Sharing Percentage from time to time and (ii) the total capital of the Partnership related to the GP-Related BTO III Interest.

(b) Each GP-Related Capital Contribution by a Partner shall be credited to the appropriate GP-Related Capital Account of such Partner in accordance with Section 5.2, subject to Section 5.10.

(c) The General Partner may elect on a case by case basis to (i) cause the Partnership to loan any Partner (including any additional Partner admitted to the Partnership pursuant to Section 6.1 but excluding any Partners who are also executive officers of The Blackstone Group L.P. or any Affiliate thereof) the amount of any GP-Related Capital Contribution required to be made by such Partner or (ii) permit any Partner (including any additional Partner admitted to the Partnership pursuant to Section 6.1 but excluding any Partners who are also executive officers of The Blackstone Group L.P. or any Affiliate thereof) to make a required GP-Related Capital Contribution to the Partnership in installments, in each case on terms determined by the General Partner.

(d) (i) The Partners and the Withdrawn Partners have entered into the Trust Agreement, pursuant to which certain amounts of the distributions relating to Carried Interest will be paid to the Trustee(s) for deposit in the Trust Account (such amounts to be paid to the Trustee(s) for deposit in the Trust Account constituting a " Holdback "). The General Partner shall determine, as set forth below, the percentage of each distribution of Carried Interest that shall be withheld for any General Partner and/or Blackstone Holdings III L.P. and each Partner Category (such withheld percentage constituting the General Partner's and such Partner Category's " Holdback Percentage "). The applicable Holdback Percentages initially shall be 0% for any General Partner, 15% for Existing Partners (other than the General Partner), 21% for Retaining Withdrawn Partners (other than the General Partner) and 24% for Deceased Partners (the " Initial Holdback Percentages "). Any provision of this Agreement to the contrary notwithstanding, the Holdback Percentage for the General Partner and/or Blackstone Holdings III L.P. shall not be subject to change pursuant to clause (ii), (iii) or (iv) of this Section 4.1(d).

(ii) The Holdback Percentage may not be reduced for any individual Partner as compared to the other Partners in his or her Partner Category (except as provided in clause (iv) below). The General Partner may only reduce the Holdback Percentages among the Partner Categories on a proportionate basis. For example, if the Holdback Percentage for Existing Partners is decreased to 12.5%, the Holdback Percentage for Retaining Withdrawn Partners and Deceased Partners shall be reduced to 17.5% and 20%, respectively. Any reduction in the Holdback Percentage for any Partner shall apply only to distributions relating to Carried Interest made after the date of such reduction.

(iii) The Holdback Percentage may not be increased for any individual Partner as compared to the other Partners in his or her Partner Category (except as provided in clause (iv) below). The General Partner may not increase the Retaining Withdrawn Partners' Holdback Percentage beyond 21% unless the General Partner concurrently increases the Existing Partners' Holdback Percentage to 21%. The General Partner may not increase the Deceased Partners' Holdback Percentage beyond 24% unless the General Partner increases the Holdback Percentage for both Existing Partners and Retaining Withdrawn Partners to 24%. The General Partner may not increase the Holdback Percentage of any Partner Category beyond 24% unless such increase applies equally to all Partner Categories. Any increase in the Holdback Percentage for any Partner shall apply only to distributions relating to Carried Interest made after the date of such increase. The foregoing shall in no way prevent the General Partner from proportionately increasing the Holdback Percentage of any Partner Category (following a reduction of the Holdback Percentages below the Initial Holdback Percentages), if the resulting Holdback Percentages are consistent with the above. For example, if the General Partner reduces the Holdback Percentages for Existing Partners, Retaining Withdrawn Partners and Deceased Partners to 12.5%, 17.5% and 20%, respectively, the General Partner shall have the right to subsequently increase the Holdback Percentages to the Initial Holdback Percentages.

(iv) (A) Notwithstanding anything contained herein to the contrary, the General Partner may increase or decrease the Holdback Percentage for any Partner in any Partner Category (in such capacity, the " Subject Partner ") pursuant to a majority vote of the Limited Partners (a " Holdback Vote "); provided , that, notwithstanding anything to the contrary contained herein, the Holdback Percentage applicable to any General Partner shall not be increased or decreased without its prior written consent; provided further , that a Subject Partner's Holdback Percentage shall not be (I) increased prior to such time as such

Subject Partner (x) is notified by the Partnership of the decision to increase such Subject Partner's Holdback Percentage and (y) has, if requested by such Subject Partner, been given 30 days to gather and provide information to the Partnership for consideration before a second Holdback Vote (requested by the Subject Partner) or (II) decreased unless such decrease occurs subsequent to an increase in a Subject Partner's Holdback Percentage pursuant to a Holdback Vote under this clause (iv); provided further , that such decrease shall not exceed an amount such that such Subject Partner's Holdback Percentage is less than the prevailing Holdback Percentage for the Partner Category of such Subject Partner; provided further , that a Partner shall not vote to increase a Subject Partner's Holdback Percentage unless such voting Partner determines, in such Partner's good faith judgment, that the facts and circumstances indicate that it is reasonably likely that such Subject Partner, or any of such Subject Partner's successors or assigns (including such Subject Partner's estate or heirs) who at the time of such vote holds the GP-Related Partner Interest or otherwise has the right to receive distributions relating thereto, will not be capable of satisfying any GP-Related Recontribution Amounts that may become due.

(B) A Holdback Vote shall take place at a Partnership meeting. Each of the Limited Partners shall be entitled to cast one vote with respect to the Holdback Vote regardless of such Limited Partner's interest in the Partnership. Such vote may be cast by any such Partner in person or by proxy.

(C) If the result of the second Holdback Vote is an increase in a Subject Partner's Holdback Percentage, such Subject Partner may submit the decision to an arbitrator, the identity of which is mutually agreed upon by both the Subject Partner and the Partnership; provided , that if the Partnership and the Subject Partner cannot agree upon a mutually satisfactory arbitrator within 10 days of the second Holdback Vote, each of the Partnership and the Subject Partner shall request its candidate for arbitrator to select a third arbitrator satisfactory to such candidates; provided further , that if such candidates fail to agree upon a mutually satisfactory arbitrator within 30 days of such request, the then sitting President of the American Arbitration Association shall unilaterally select the arbitrator. Each Subject Partner that submits the decision of the Partnership pursuant to the second Holdback Vote to arbitration and the Partnership shall estimate their reasonably projected out-of-pocket expenses relating thereto, and each such party shall, to the satisfaction of the arbitrator and prior to any determination being made by the arbitrator, pay the total of such estimated expenses (i.e., both the Subject Partner's and the Partnership's expenses) into an escrow account. The arbitrator shall direct the escrow agent to pay out of such escrow account all expenses associated with such arbitration (including costs leading thereto) and to return to the "victorious" party the entire amount of funds such party paid into such escrow account. If the amount contributed to the escrow account by the losing party is insufficient to cover the expenses of such arbitration, such "losing" party shall then provide any additional funds necessary to cover such costs to such "victorious" party. For purposes hereof, the "victorious" party shall be the Partnership if the Holdback Percentage ultimately determined by the arbitrator is closer to the percentage determined in the second Holdback Vote than it is to the prevailing Holdback Percentage for the Subject Partner's Partner Category; otherwise, the Subject Partner shall be the "victorious" party. The party that is not the "victorious" party shall be the "losing" party.

(D) In the event of a decrease in a Subject Partner's Holdback Percentage (1) pursuant to a Holdback Vote under this clause (iv) or (2) pursuant to a decision of an arbitrator under paragraph (C) of this clause (iv), the Partnership shall release and distribute to such Subject Partner any Trust Amounts (and the Trust Income thereon (except as expressly provided herein with respect to using Trust Income as Firm Collateral)) which exceed the required Holdback of such Subject Partner (in accordance with such Subject Partner's reduced Holdback Percentage) as though such reduced Holdback Percentage had applied since the increase of the Subject Partner's Holdback Percentage pursuant to a previous Holdback Vote under this clause (iv).

(v) (A) If a Partner's Holdback Percentage exceeds 15% (such percentage in excess of 15% constituting the " Excess Holdback Percentage "), such Partner may satisfy the portion of his or her Holdback obligation in respect of his or her Excess Holdback Percentage (such portion constituting such Partner's " Excess Holdback "), and such Partner (or a Withdrawn Partner with respect to amounts contributed to the Trust Account while he or she was a Partner), to the extent his or her Excess Holdback obligation has previously been satisfied in cash, may obtain the release of the Trust Amounts (but not the Trust Income thereon which shall remain in the Trust Account and allocated to such Partner or Withdrawn Partner) satisfying such Partner's or Withdrawn Partner's Excess Holdback obligation, by pledging, granting a security interest or otherwise making available to the General Partner, on a first priority basis (except as provided below), all or any portion of his or her Firm Collateral in satisfaction of his or her Excess Holdback obligation. Any Partner seeking to satisfy all or any portion of the Excess Holdback utilizing Firm Collateral shall sign such documents and otherwise take such other action as is necessary or appropriate (in the good faith judgment of the General Partner) to perfect a first priority security interest in, and otherwise assure the ability of the Partnership to realize on (if required), such Firm Collateral; provided , that, in the case of entities listed in the Partnership's books and records in which Partners are permitted to pledge or grant a security interest over their interests therein to finance all or a portion of their capital contributions thereto (" Pledgable Blackstone Interests "), to the extent a first priority security interest is unavailable because of an existing lien on such Firm Collateral, the Partner or Withdrawn Partner seeking to utilize such Firm Collateral shall grant the General Partner a second priority security interest therein in the manner provided above; provided further , that (x) in the case of Pledgable Blackstone Interests, to the extent that neither a first priority nor a second priority security interest is available, or (y) if the General Partner otherwise determines in its good faith judgment that a security interest in Firm Collateral (and the corresponding documents and actions) are not necessary or appropriate, the Partner or Withdrawn Partner shall (in the case of either clause (x) or (y) above) irrevocably instruct in writing the relevant partnership, limited liability company or other entity listed in the Partnership's books and records to remit any and all net proceeds resulting from a Firm Collateral Realization on such Firm Collateral to the Trustee(s) as more fully provided in clause (B) below. The Partnership shall, at the request of any Partner or Withdrawn Partner, assist such Partner or Withdrawn Partner in taking such action as is necessary to enable such Partner or Withdrawn Partner to use Firm Collateral as provided hereunder.

(B) If upon a sale or other realization of all or any portion of any Firm Collateral (a " Firm Collateral Realization "), the remaining Firm Collateral is insufficient to cover any Partner's or Withdrawn Partner's Excess Holdback requirement, then up to 100% of the net proceeds otherwise distributable to such Partner or Withdrawn Partner from such Firm Collateral Realization (including distributions subject to the repayment of financing sources as in the case of Pledgable Blackstone Interests) shall be paid into the Trust Account to fully satisfy such Excess Holdback requirement (allocated to such Partner or Withdrawn Partner) and shall be deemed to be Trust Amounts for purposes hereunder. Any net proceeds from such Firm Collateral Realization in excess of the amount necessary to satisfy such Excess Holdback requirement shall be distributed to such Partner or Withdrawn Partner.

(C) Upon any valuation or revaluation of Firm Collateral that results in a decreased valuation of such Firm Collateral so that such Firm Collateral is insufficient to cover any Partner's or Withdrawn Partner's Excess Holdback requirement (including upon a Firm Collateral Realization, if net proceeds therefrom and the remaining Firm Collateral are insufficient to cover any Partner's or Withdrawn Partner's Excess Holdback requirement), the Partnership shall provide notice of the foregoing to such Partner or Withdrawn Partner and such Partner or Withdrawn Partner shall, within 30 days of receiving such notice, contribute cash (or additional Firm Collateral) to the Trust Account in an amount necessary to satisfy his or her Excess Holdback requirement. If any such Partner or Withdrawn Partner defaults upon his or her obligations under this clause (C), then Section 5.8(d)(ii) shall apply thereto; provided , that clause (A) of Section 5.8(d)(ii) shall be deemed inapplicable to a default under this clause (C); provided further , that for purposes of applying Section 5.8(d)(ii) to a default under this clause (C): (I) the term "GP-Related Defaulting Party" where such term appears in such Section 5.8(d)(ii) shall be construed as "defaulting party" for purposes hereof and (II) the terms "Net GP-Related Recontribution Amount" and "GP-Related Recontribution Amount" where such terms appear in such Section 5.8(d)(ii) shall be construed as the amount due pursuant to this clause (C).

(vi) Any Partner or Withdrawn Partner may (A) obtain the release of any Trust Amounts (but not the Trust Income thereon which shall remain in the Trust Account and allocated to such Partner or Withdrawn Partner) or Firm Collateral, in each case, held in the Trust Account for the benefit of such Partner or Withdrawn Partner or (B) require the Partnership to distribute all or any portion of amounts otherwise required to be placed in the Trust Account (whether cash or Firm Collateral), by obtaining a letter of credit (an " L/C ") for the benefit of the Trustee(s) in such amounts. Any Partner or Withdrawn Partner choosing to furnish an L/C to the Trustee(s) (in such capacity, an " L/C Partner ") shall deliver to the Trustee(s) an unconditional and irrevocable L/C from a commercial bank whose (x) short-term deposits are rated at least A-1 by S&P or P-1 by Moody's (if the L/C is for a term of 1 year or less), or (y) long-term deposits are rated at least A+ by

S&P or A1 by Moody's (if the L/C is for a term of 1 year or more) (each a "Required Rating"). If the relevant rating of the commercial bank issuing such L/C drops below the relevant Required Rating, the L/C Partner shall supply to the Trustee(s), within 30 days of such occurrence, a new L/C from a commercial bank whose relevant rating is at least equal to the relevant Required Rating, in lieu of the insufficient L/C. In addition, if the L/C has a term expiring on a date earlier than the latest possible termination date of BTO III, the Trustee(s) shall be permitted to drawdown on such L/C if the L/C Partner fails to provide a new L/C from a commercial bank whose relevant rating is at least equal to the relevant Required Rating, at least 30 days prior to the stated expiration date of such existing L/C. The Trustee(s) shall notify an L/C Partner 10 days prior to drawing on any L/C. The Trustee(s) may (as directed by the Partnership in the case of clause (I) below) draw down on an L/C only if (I) such a drawdown is necessary to satisfy an L/C Partner's obligation relating to the Partnership's obligations under the Clawback Provisions or (II) an L/C Partner has not provided a new L/C from a commercial bank whose relevant rating is at least equal to the relevant Required Rating (or the requisite amount of cash and/or Firm Collateral (to the extent permitted hereunder)), at least 30 days prior to the stated expiration of an existing L/C in accordance with this clause (vi). The Trustee(s), as directed by the Partnership, shall return to any L/C Partner his or her L/C upon (1) the termination of the Trust Account and satisfaction of the Partnership's obligations, if any, in respect of the Clawback Provisions, (2) an L/C Partner satisfying his or her entire Holdback obligation in cash and Firm Collateral (to the extent permitted hereunder) or (3) the release, by the Trustee(s), as directed by the Partnership, of all amounts in the Trust Account to the Partners or Withdrawn Partners. If an L/C Partner satisfies a portion of his or her Holdback obligation in cash and/or Firm Collateral (to the extent permitted hereunder) or if the Trustee(s), as directed by the Partnership, release a portion of the amounts in the Trust Account to the Partners or Withdrawn Partners in the Partner Category of such L/C Partner, the L/C of an L/C Partner may be reduced by an amount corresponding to such portion satisfied in cash and/or Firm Collateral (to the extent permitted hereunder) or such portion released by the Trustee(s), as directed by the Partnership; provided, that in no way shall the general release of any Trust Income cause an L/C Partner to be permitted to reduce the amount of an L/C by any amount.

(vii) (A) Any in-kind distributions by the Partnership relating to Carried Interest shall be made in accordance herewith as though such distributions consisted of cash. The Partnership may direct the Trustee(s) to dispose of any in-kind distributions held in the Trust Account at any time. The net proceeds therefrom shall be treated as though initially contributed to the Trust Account.

(B) In lieu of the foregoing, any Existing Partner may pledge or grant a security interest with respect to any in-kind distribution the Special Firm Collateral referred to in the applicable category in the Partnership's books and records; provided, that the initial contribution of such Special Firm Collateral shall initially equal 130% of the required Holdback for a period of 90 days, and thereafter shall equal at least 115% of the required Holdback. Paragraphs 4.1(d)(viii)(C) and (D) shall apply to such Special Firm Collateral. To the extent such Special Firm Collateral exceeds the applicable minimum percentage of the required Holdback specified in the first sentence of this clause (vii)(B), the related Partner may obtain a release of such excess amount from the Trust Account.

(viii) (A) Any Limited Partner or Withdrawn Partner may satisfy all or any portion of his or her Holdback (excluding any Excess Holdback), and such Partner or a Withdrawn Partner may, to the extent his or her Holdback (excluding any Excess Holdback) has been previously satisfied in cash or by the use of an L/C as provided herein, obtain a release of Trust Amounts (but not the Trust Income thereon which shall remain in the Trust Account and allocated to such Partner or Withdrawn Partner) that satisfy such Partner's or Withdrawn Partner's Holdback (excluding any Excess Holdback) by pledging or granting a security interest to the Trustee(s) on a first priority basis all of his or her Special Firm Collateral in a particular Qualifying Fund, which at all times must equal or exceed the amount of the Holdback distributed to the Partner or Withdrawn Partner (as more fully set forth below). Any Partner seeking to satisfy such Partner's Holdback utilizing Special Firm Collateral shall sign such documents and otherwise take such other action as is necessary or appropriate (in the good faith judgment of the General Partner) to perfect a first priority security interest in, and otherwise assure the ability of the Trustee(s) to realize on (if required), such Special Firm Collateral.

(B) If upon a distribution, withdrawal, sale, liquidation or other realization of all or any portion of any Special Firm Collateral (a "Special Firm Collateral Realization"), the remaining Special Firm Collateral (which shall not include the amount of Firm Collateral that consists of a Qualifying Fund and is being used in connection with an Excess Holdback) is insufficient to cover any Partner's or Withdrawn Partner's Holdback (when taken together with other means of satisfying the Holdback as provided herein (*i.e* ., cash contributed to the Trust Account or an L/C in the Trust Account)), then up to 100% of the net proceeds otherwise distributable to such Partner or Withdrawn Partner from such Special Firm Collateral Realization (which shall not include the amount of Firm Collateral that consists of a Qualifying Fund or other asset and is being used in connection with an Excess Holdback) shall be paid into the Trust (and allocated to such Partner or Withdrawn Partner) to fully satisfy such Holdback and shall be deemed thereafter to be Trust Amounts for purposes hereunder. Any net proceeds from such Special Firm Collateral Realization in excess of the amount necessary to satisfy such Holdback (excluding any Excess Holdback) shall be distributed to such Partner or Withdrawn Partner. To the extent a Qualifying Fund distributes Securities to a Partner or Withdrawn Partner in connection with a Special Firm Collateral Realization, such Partner or Withdrawn Partner shall be required to promptly fund such Partner's or Withdrawn Partner's deficiency with respect to his or her Holdback in cash or an L/C.

(C) Upon any valuation or revaluation of the Special Firm Collateral and/or any adjustment in the Applicable Collateral Percentage applicable to a Qualifying Fund (as provided in the Partnership's books and records), if such Partner's or Withdrawn Partner's Special Firm Collateral is valued at less than such Partner's Holdback (excluding any Excess Holdback) as provided in the Partnership's books and records, taking into account other permitted means of

satisfying the Holdback hereunder, the Partnership shall provide notice of the foregoing to such Partner or Withdrawn Partner and, within 10 Business Days of receiving such notice, such Partner or Withdrawn Partner shall contribute cash or additional Special Firm Collateral to the Trust Account in an amount necessary to make up such deficiency. If any such Partner or Withdrawn Partner defaults upon his or her obligations under this clause (C), then Section 5.8(d)(ii) shall apply thereto; provided , that the first sentence of Section 5.8(d)(ii)(A) shall be deemed inapplicable to such default; provided further , that for purposes of applying Section 5.8(d)(ii) to a default under this clause (C): (I) the term "GP-Related Defaulting Party" where such term appears in such Section 5.8(d)(ii) shall be construed as "defaulting party" for purposes hereof and (II) the terms "Net GP-Related Recontribution Amount" and "GP-Related Recontribution Amount" where such terms appear in such Section 5.8(d)(ii) shall be construed as the amount due pursuant to this clause (C).

(D) Upon a Partner becoming a Withdrawn Partner, at any time thereafter the General Partner may revoke the ability of such Withdrawn Partner to use Special Firm Collateral as set forth in this Section 4.1(d)(viii), notwithstanding anything else in this Section 4.1(d)(viii). In that case the provisions of clause (C) above shall apply to the Withdrawn Partner's obligation to satisfy the Holdback (except that 30 days' notice of such revocation shall be given), given that the Special Firm Collateral is no longer available to satisfy any portion of the Holdback (excluding any Excess Holdback).

(E) Nothing in this Section 4.1(d)(viii) shall prevent any Partner or Withdrawn Partner from using any amount of such Partner's interest in a Qualifying Fund as Firm Collateral; provided , that at all times Section 4.1(d)(v) and this Section 4.1(d)(viii) are each satisfied.

Section 4.2. Interest . Interest on the balances of the Partners' capital related to the Partners' GP-Related Partner Interests (excluding capital invested in GP-Related Investments and, if deemed appropriate by the General Partner, capital invested in any other investment of the Partnership) shall be credited to the Partners' GP-Related Capital Accounts at the end of each accounting period pursuant to Section 5.2, or at any other time as determined by the General Partner, at rates determined by the General Partner from time to time, and shall be charged as an expense of the Partnership.

Section 4.3. Withdrawals of Capital . No Partner may withdraw capital related to such Partner's GP-Related Partner Interests from the Partnership except (i) for distributions of cash or other property pursuant to Section 5.8, (ii) as otherwise expressly provided in this Agreement or (iii) as determined by the General Partner.

ARTICLE V

PARTICIPATION IN PROFITS AND LOSSES

Section 5.1. General Accounting Matters .

(a) GP-Related Net Income (Loss) shall be determined by the General Partner at the end of each accounting period and shall be allocated as described in Section 5.4.

(b) " GP-Related Net Income (Loss) " from any activity of the Partnership related to the GP-Related BTO III Interest for any accounting period (other than GP-Related Net Income (Loss) from GP-Related Investments described below) means (i) the gross income realized by the Partnership from such activity during such accounting period less (ii) all expenses of the Partnership, and all other items that are deductible from gross income, for such accounting period that are allocable to such activity (determined as provided below).

(c) " GP-Related Net Income (Loss) " from any GP-Related Investment for any accounting period in which such GP-Related Investment has not been sold or otherwise disposed of means (i) the gross amount of dividends, interest or other income received by the Partnership from such GP-Related Investment during such accounting period less (ii) all expenses of the Partnership for such accounting period that are allocable to such GP-Related Investment (determined as provided below).

(d) " GP-Related Net Income (Loss) " from any GP-Related Investment for the accounting period in which such GP-Related Investment is sold or otherwise disposed of means (i) the sum of the gross proceeds from the sale or other disposition of such GP-Related Investment and the gross amount of dividends, interest or other income received by the Partnership from such GP-Related Investment during such accounting period less (ii) the sum of the cost or other basis to the Partnership of such GP-Related Investment and all expenses of the Partnership for such accounting period that are allocable to such GP-Related Investment.

(e) GP-Related Net Income (Loss) shall be determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments: (i) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing GP-Related Net Income (Loss) shall be added to such taxable income or loss; (ii) if any asset has a value in the books of the Partnership that differs from its adjusted tax basis for U.S. federal income tax purposes, any depreciation, amortization or gain resulting from a disposition of such asset shall be calculated with reference to such value; (iii) upon an adjustment to the value of any asset in the books of the Partnership pursuant to Treasury Regulations Section 1.704-1(b)(2), the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss; (iv) any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing GP-Related Net Income (Loss) pursuant to this definition shall be treated as deductible items; (v) any income from a GP-Related Investment that is payable to Partnership employees in respect of "phantom interests" in such GP-Related Investment awarded by the General Partner to employees shall be included as an expense in the calculation of GP-Related Net Income (Loss) from such GP-Related Investment, and (vi) items of income and expense (including interest income and overhead and other indirect expenses) of the Partnership, Blackstone Holdings III L.P. and other Affiliates of the Partnership shall be allocated among the Partnership, Blackstone Holdings III L.P. and such Affiliates, among various Partnership activities and GP-Related Investments and between accounting periods, in each case as determined by the General Partner. Any adjustments to GP-Related Net Income (Loss) by the General Partner, including adjustments for items of income accrued but not yet received, unrealized gains, items of expense accrued but not yet paid, unrealized losses, reserves (including reserves for taxes, bad debts, actual or threatened litigation, or any other expenses, contingencies or obligations) and other appropriate items shall be made in accordance with GAAP; provided , that the General Partner shall not be required to make any such adjustment.

(f) An accounting period shall be a Fiscal Year, except that, at the option of the General Partner, an accounting period will terminate and a new accounting period will begin on the admission date of an additional Partner or the Settlement Date of a Withdrawn Partner, if any such date is not the first day of a Fiscal Year. If any event referred to in the preceding sentence occurs and the General Partner does not elect to terminate an accounting period and begin a new accounting period, then the General Partner may make such adjustments as it deems appropriate to the Partners' GP-Related Profit Sharing Percentages for the accounting period in which such event occurs (prior to any allocations of GP-Related Unallocated Percentages or adjustments to GP-Related Profit Sharing Percentages pursuant to Section 5.3) to reflect the Partners' average GP-Related Profit Sharing Percentages during such accounting period; provided , that the GP-Related Profit Sharing Percentages of Partners in GP-Related Net Income (Loss) from GP-Related Investments acquired during such accounting period will be based on GP-Related Profit Sharing Percentages in effect when each such GP-Related Investment was acquired.

(g) In establishing GP-Related Profit Sharing Percentages and allocating GP-Related Unallocated Percentages pursuant to Section 5.3, the General Partner may consider such factors as it deems appropriate.

(h) All determinations, valuations and other matters of judgment required to be made for accounting purposes under this Agreement shall be made by the General Partner and approved by the Partnership's independent accountants. Such approved determinations, valuations and other accounting matters shall be conclusive and binding on all Partners, all Withdrawn Partners, their successors, heirs, estates or legal representatives and any other person, and to the fullest extent permitted by law no such person shall have the right to an accounting or an appraisal of the assets of the Partnership or any successor thereto.

Section 5.2. GP-Related Capital Accounts .

(a) There shall be established for each Partner in the books of the Partnership, to the extent and at such times as may be appropriate, one or more capital accounts as the General Partner may deem to be appropriate for purposes of accounting for such Partner's interests in the capital of the Partnership related to the GP-Related BTO III Interest and the GP-Related Net Income (Loss) of the Partnership (each a " GP-Related Capital Account ").

(b) As of the end of each accounting period or, in the case of a contribution to the Partnership by one or more of the Partners with respect to such Partner or Partners' GP-Related Partner Interests or a distribution by the Partnership to one or more of the Partners with respect to such Partner or Partners' GP-Related Partner Interests, at the time of such contribution or distribution, (i) the appropriate GP-Related Capital Accounts of each Partner shall be credited with the following amounts: (A) the amount of cash and the value of any property contributed by such Partner to the capital of the Partnership related to such Partner's GP-Related Partner Interest during such accounting period, (B) the GP-Related Net Income allocated to such Partner for such

accounting period and (C) the interest credited on the balance of such Partner's capital related to such Partner's GP-Related Partner Interest for such accounting period pursuant to Section 4.2; and (ii) the appropriate GP-Related Capital Accounts of each Partner shall be debited with the following amounts: (x) the amount of cash, the principal amount of any subordinated promissory note of the Partnership referred to in Section 6.5 (as such amount is paid) and the value of any property distributed to such Partner during such accounting period with respect to such Partner's GP-Related Partner Interest and (y) the GP-Related Net Loss allocated to such Partner for such accounting period.

Section 5.3. GP-Related Profit Sharing Percentages .

(a) Prior to the beginning of each annual accounting period, the General Partner shall establish the profit sharing percentage (the " GP-Related Profit Sharing Percentage ") of each Partner in each category of GP-Related Net Income (Loss) for such annual accounting period pursuant to Section 5.1(a) taking into account such factors as the General Partner deems appropriate; provided , that (i) the General Partner may elect to establish GP-Related Profit Sharing Percentages in GP-Related Net Income (Loss) from any GP-Related Investment acquired by the Partnership during such accounting period at the time such GP-Related Investment is acquired in accordance with paragraph (c) below and (ii) GP-Related Net Income (Loss) for such accounting period from any GP-Related Investment shall be allocated in accordance with the GP-Related Profit Sharing Percentages in such GP-Related Investment established in accordance with paragraph (c) below. The General Partner may establish different GP-Related Profit Sharing Percentages for any Partner in different categories of GP-Related Net Income (Loss). In the case of the Withdrawal of a Partner, such former Partner's GP-Related Profit Sharing Percentages shall be allocated by the General Partner to one or more of the remaining Partners as the General Partner shall determine. In the case of the admission of any Partner to the Partnership as an additional Partner, the GP-Related Profit Sharing Percentages of the other Partners shall be reduced by an amount equal to the GP-Related Profit Sharing Percentage allocated to such new Partner pursuant to Section 6.1(b); such reduction of each other Partner's GP-Related Profit Sharing Percentage shall be *pro rata* based upon such Partner's GP-Related Profit Sharing Percentage as in effect immediately prior to the admission of the new Partner. Notwithstanding the foregoing, the General Partner may also adjust the GP-Related Profit Sharing Percentage of any Partner for any annual accounting period at the end of such annual accounting period in its sole discretion.

(b) The General Partner may elect to allocate to the Partners less than 100% of the GP-Related Profit Sharing Percentages of any category for any annual accounting period at the time specified in Section 5.3(a) for the annual fixing of GP-Related Profit Sharing Percentages (any remainder of such GP-Related Profit Sharing Percentages being called a " GP-Related Unallocated Percentage "); provided , that any GP-Related Unallocated Percentage in any category of GP-Related Net Income (Loss) for any annual accounting period that is not allocated by the General Partner within 90 days after the end of such accounting period shall be deemed to be allocated among all the Partners (including the General Partner) in the manner determined by the General Partner in its sole discretion.

(c) Unless otherwise determined by the General Partner in a particular case, (i) GP-Related Profit Sharing Percentages in GP-Related Net Income (Loss) from any GP-Related Investment shall be allocated in proportion to the Partners' respective GP-Related Capital Contributions in respect of such GP-Related Investment and (ii) GP-Related Profit Sharing Percentages in GP-Related Net Income (Loss) from each GP-Related Investment shall be fixed at the time such GP-Related Investment is acquired and shall not thereafter change, subject to any repurchase rights established by the General Partner pursuant to Section 5.7.

Section 5.4. Allocations of GP-Related Net Income (Loss) .

(a) Except as provided in Section 5.4(d), GP-Related Net Income of the Partnership for each GP-Related Investment shall be allocated to the GP-Related Capital Accounts related to such GP-Related Investment of all the Partners participating in such GP-Related Investment (including the General Partner): first, in proportion to and to the extent of the amount of Non-Carried Interest (other than amounts representing a return of GP-Related Capital Contributions) or Carried Interest distributed to the Partners; second, to Partners that received Non-Carried Interest (other than amounts representing a return of GP-Related Capital Contributions) or Carried Interest in years prior to the years such GP-Related Net Income is being allocated to the extent such Non-Carried Interest (other than amounts representing a return of GP-Related Capital Contributions) or Carried Interest exceeded GP-Related Net Income allocated to such Partners in such earlier years; and third, to the Partners in the same manner that such Non-Carried Interest (other than amounts representing a return of GP-Related Capital Contributions) or Carried Interest would have been distributed if cash were available to distribute with respect thereto.

(b) GP-Related Net Loss of the Partnership shall be allocated as follows: (i) GP-Related Net Loss relating to realized losses suffered by BTO III and allocated to the Partnership with respect to its *pro rata* share thereof (based on capital contributions made by the Partnership to BTO III with respect to the GP-Related BTO III Interest) shall be allocated to the Partners in accordance with each Partner's Non-Carried Interest Sharing Percentage with respect to the GP-Related Investment giving rise to such loss suffered by BTO III and (ii) GP-Related Net Loss relating to realized losses suffered by BTO III and allocated to the Partnership with respect to the Carried Interest shall be allocated in accordance with a Partner's (including a Withdrawn Partner's) Carried Interest Give Back Percentage (as of the date of such loss) (subject to adjustment pursuant to Section 5.8(e)).

(c) Notwithstanding Section 5.4(a) above, GP-Related Net Income relating to Carried Interest allocated after the allocation of a GP-Related Net Loss pursuant to clause (ii) of Section 5.4(b) shall be allocated in accordance with such Carried Interest Give Back Percentages until such time as the Partners have been allocated GP-Related Net Income relating to Carried Interest equal to the aggregate amount of GP-Related Net Loss previously allocated in accordance with clause (ii) of Section 5.4(b). Withdrawn Partners shall remain Partners for purposes of allocating such GP-Related Net Loss with respect to Carried Interest.

(d) To the extent the Partnership has any GP-Related Net Income (Loss) for any accounting period unrelated to BTO III, such GP-Related Net Income (Loss) will be allocated in accordance with GP-Related Profit Sharing Percentages prevailing at the beginning of such accounting period.

(e) The General Partner may authorize from time to time advances to Partners (including any additional Partner admitted to the Partnership pursuant to Section 6.1 but excluding any Partners who are also executive officers of The Blackstone Group L.P. or any Affiliate thereof) against their allocable shares of GP-Related Net Income (Loss).

(f) Notwithstanding the foregoing, the General Partner may make such allocations as it deems reasonably necessary to give economic effect to the provisions of this Agreement, taking into account facts and circumstances as the General Partner deems reasonably necessary for this purpose.

Section 5.5. Liability of Partners . Except as otherwise provided in the Partnership Act or as expressly provided in this Agreement, no Partner shall be personally obligated for any debt, obligation or liability of the Partnership or of any other Partner solely by reason of being a Partner. In no event shall any Partner or Withdrawn Partner (i) be obligated to make any capital contribution or payment to or on behalf of the Partnership or (ii) have any liability to return distributions received by such Partner from the Partnership, in each case except as specifically provided in Section 4.1(d) or Section 5.8 or otherwise in this Agreement, as such Partner shall otherwise expressly agree in writing or as may be required by applicable law.

Section 5.6. [Intentionally omitted.]

Section 5.7. Repurchase Rights, etc . The General Partner may from time to time establish such repurchase rights and/or other requirements with respect to the Partners' GP-Related Partner Interests relating to GP-Related BTO III Investments as the General Partner may determine. The General Partner shall have authority to (a) withhold any distribution otherwise payable to any Partner until any such repurchase rights have lapsed or any such requirements have been satisfied, (b) pay any distribution to any Partner that is Contingent as of the distribution date and require the refund of any portion of such distribution that is Contingent as of the Withdrawal Date of such Partner, (c) amend any previously established repurchase rights or other requirements from time to time and (d) make such exceptions thereto as it may determine on a case by case basis.

Section 5.8. Distributions . (a) (i) The Partnership shall make distributions of available cash (subject to reserves and other adjustments as provided herein) or other property to Partners with respect to such Partners' GP-Related Partner Interests at such times and in such amounts as are determined by the General Partner. The General Partner shall, if it deems it appropriate, determine the availability for distribution of, and distribute, cash or other property separately for each category of GP-Related Net Income (Loss) established pursuant to Section 5.1(a). Distributions of cash or other property with respect to Non-Carried Interest shall be made among the Partners in accordance with their respective Non-Carried Interest Sharing Percentages, and, subject to Section 4.1(d) and Section 5.8(e), distributions of cash or other property with respect to Carried Interest shall be made among Partners in accordance with their respective Carried Interest Sharing Percentages.

(ii) At any time that a sale, exchange, transfer or other disposition by BTO III of a portion of a GP-Related Investment is being considered by the Partnership (a " GP-Related Disposable Investment "), at the election of the General Partner each Partner's GP-Related Partner Interest with respect to such GP-Related Investment shall be vertically divided into two separate GP-Related Partner Interests, a GP-Related Partner Interest attributable to the GP-Related

Disposable Investment (a Partner's " GP-Related Class B Interest "), and a GP-Related Partner Interest attributable to such GP-Related Investment excluding the GP-Related Disposable Investment (a Partner's " GP-Related Class A Interest "). Distributions (including those resulting from a sale, transfer, exchange or other disposition by BTO III) relating to a GP-Related Disposable Investment (with respect to both Carried Interest and Non-Carried Interest) shall be made only to holders of GP-Related Class B Interests with respect to such GP-Related Investment in accordance with their GP-Related Profit Sharing Percentages relating to such GP-Related Class B Interests, and distributions (including those resulting from the sale, transfer, exchange or other disposition by BTO III) relating to a GP-Related Investment excluding such GP-Related Disposable Investment (with respect to both Carried Interest and Non-Carried Interest) shall be made only to holders of GP-Related Class A Interests with respect to such GP-Related Investment in accordance with their respective GP-Related Profit Sharing Percentages relating to such GP-Related Class A Interests. Except as provided above, distributions of cash or other property with respect to each category of GP-Related Net Income (Loss) shall be allocated among the Partners in the same proportions as the allocations of GP-Related Net Income (Loss) of each such category.

(b) Subject to the Partnership's having sufficient available cash in the reasonable judgment of the General Partner, the Partnership shall make cash distributions to each Partner with respect to each Fiscal Year of the Partnership in an aggregate amount at least equal to the total U.S. federal, New York State and New York City income and other taxes that would be payable by such Partner with respect to all categories of GP-Related Net Income (Loss) allocated to such Partner for such Fiscal Year, the amount of which shall be calculated (i) on the assumption that each Partner is an individual subject to the then prevailing maximum rate of U.S. federal, New York State and New York City and other income taxes (including, without limitation, taxes under Section 1411 of the Code), (ii) taking into account the limitations on the deductibility of expenses and other items for U.S. federal income tax purposes and (iii) taking into account any differential in applicable rates due to the type and character of GP-Related Net Income (Loss) allocated to such Partner. Notwithstanding the provisions of the foregoing sentence, the General Partner may refrain from making any distribution if, in the reasonable judgment of the General Partner, such distribution is prohibited by § 17-607 of the Partnership Act.

(c) The General Partner may provide that the GP-Related Partner Interest of any Partner or employee (including such Partner's or employee's right to distributions and investments of the Partnership related thereto) may be subject to repurchase by the Partnership during such period as the General Partner shall determine (a " Repurchase Period "). Any Contingent distributions from GP-Related Investments subject to repurchase rights will be withheld by the Partnership and will be distributed to the recipient thereof (together with interest thereon at rates determined by the General Partner from time to time) as the recipient's rights to such distributions become Non-Contingent (by virtue of the expiration of the applicable Repurchase Period or otherwise). The General Partner may elect in an individual case to have the Partnership distribute any Contingent distribution to the applicable recipient thereof irrespective of whether the applicable Repurchase Period has lapsed. If a Partner Withdraws from the Partnership for any reason other than his or her death, Total Disability or Incompetence, the undistributed share of any GP-Related Investment that remains Contingent as of the applicable Withdrawal Date shall be repurchased by the Partnership at a purchase price determined at such time by the General Partner. Unless determined otherwise by the General Partner, the repurchased portion thereof will be allocated among the remaining Partners with interests in such GP-Related

Investment in proportion to their respective percentage interests in such GP-Related Investment, or if no other Partner has a percentage interest in such specific GP-Related Investment, to the General Partner; provided , that the General Partner may allocate the Withdrawn Partner's share of unrealized investment income from a repurchased GP-Related Investment attributable to the period after the Withdrawn Partner's Withdrawal Date on any basis it may determine, including to existing or new Partners who did not previously have interests in such GP-Related Investment, except that, in any event, each Investor Special Partner shall be allocated a share of such unrealized investment income equal to its respective GP-Related Profit Sharing Percentage of such unrealized investment income.

(d) (i) (A) If Associates III is obligated under the Clawback Provisions or Giveback Provisions to contribute to BTO III a Clawback Amount or a Giveback Amount (other than a Capital Commitment Giveback Amount) and the Partnership is obligated to contribute any such amount to Associates III in respect of the Partnership's GP-Related Associates III Interest (the amount of any such obligation of the Partnership with respect to such a Giveback Amount being herein called a " GP-Related Giveback Amount "), the General Partner shall call for such amounts as are necessary to satisfy such obligations of the Partnership as determined by the General Partner, in which case each Partner and Withdrawn Partner shall contribute to the Partnership, in cash, when and as called by the General Partner, such an amount of prior distributions by the Partnership (and the Other Fund GPs) with respect to Carried Interest (and/or Non-Carried Interest in the case of a GP-Related Giveback Amount) (the " GP-Related Recontribution Amount ") which equals (I) the product of (a) a Partner's or Withdrawn Partner's Carried Interest Give Back Percentage and (b) the aggregate Clawback Amount payable by the Partnership in the case of Clawback Amounts and (II) with respect to a GP-Related Giveback Amount, such Partner's *pro rata* share of prior distributions of Carried Interest and/or Non-Carried Interest in connection with (a) the GP-Related BTO III Investment giving rise to the GP-Related Giveback Amount, (b) if the amounts contributed pursuant to clause (II)(a) above are insufficient to satisfy such GP-Related Giveback Amount, GP-Related BTO III Investments other than the one giving rise to such obligation, but only those amounts received by the Partners with an interest in the GP-Related BTO III Investment referred to in clause (II)(a) above, and (c) if the GP-Related Giveback Amount pursuant to an applicable BTO III Agreement is unrelated to a specific GP-Related BTO III Investment, all GP-Related BTO III Investments. Each Partner and Withdrawn Partner shall promptly contribute to the Partnership, along with satisfying his or her comparable obligations to the Other Fund GPs, if any, upon such call such Partner's or Withdrawn Partner's GP-Related Recontribution Amount, less the amount paid out of the Trust Account on behalf of such Partner or Withdrawn Partner by the Trustee(s) pursuant to written instructions from the Partnership, or if applicable, any of the Other Fund GPs with respect to Carried Interest (and/or Non-Carried Interest in the case of GP-Related Giveback Amounts) (the " Net GP-Related Recontribution Amount "), irrespective of the fact that the amounts in the Trust Account may be sufficient on an aggregate basis to satisfy the Partnership's and the Other Fund GPs' obligation under the Clawback Provisions and/or Giveback Provisions; provided , that to the extent a Partner's or Withdrawn Partner's share of the amount paid with respect to the Clawback Amount or the GP-Related Giveback Amount exceeds his or her GP-Related Recontribution Amount, such excess shall be repaid to such Partner or Withdrawn Partner as promptly as reasonably practicable, subject to clause (ii) below; provided further , that such written instructions from the General Partner shall specify each Partner's and Withdrawn Partner's GP-Related Recontribution Amount. Prior to such time, the General Partner may, in its discretion (but shall be under no obligation to), provide notice

that in the General Partner's judgment, the potential obligations in respect of the Clawback Provisions or the Giveback Provisions will probably materialize (and an estimate of the aggregate amount of such obligations); provided further , that any amount from a Partner's Trust Account used to pay any GP-Related Giveback Amount (or such lesser amount as may be required by the General Partner) shall be contributed by such Partner to such Partner's Trust Account no later than 30 days after the Net GP-Related Recontribution Amount is paid with respect to such GP-Related Giveback Amount.

(B) To the extent any Partner or Withdrawn Partner has satisfied any Holdback obligation with Firm Collateral, such Partner or Withdrawn Partner shall, within 10 days of the General Partner's call for GP-Related Recontribution Amounts, make a cash payment into the Trust Account in an amount equal to the amount of the Holdback obligation satisfied with such Firm Collateral, or such lesser amount such that the amount in the Trust Account allocable to such Partner or Withdrawn Partner equals the sum of (I) such Partner's or Withdrawn Partner's GP-Related Recontribution Amount and (II) any similar amounts payable to any of the Other Fund GPs. Immediately upon receipt of such cash, the Trustee(s) shall take such steps as are necessary to release such Firm Collateral of such Partner or Withdrawn Partner equal to the amount of such cash payment. If the amount of such cash payment is less than the amount of Firm Collateral of such Partner or Withdrawn Partner, the balance of such Firm Collateral if any, shall be retained to secure the payment of GP-Related Deficiency Contributions, if any, and shall be fully released upon the satisfaction of the Partnership's and the Other Fund GPs' obligation to pay the Clawback Amount. The failure of any Partner or Withdrawn Partner to make a cash payment in accordance with this clause (B) (to the extent applicable) shall constitute a default under Section 5.8(d)(ii) as if such cash payment hereunder constitutes a Net GP-Related Recontribution Amount under Section 5.8(d)(ii). Solely to the extent required by the BTO III Partnership Agreement each partner of the General Partner shall have the same obligations as a Partner (which obligations shall be subject to the same limitations as the obligations of a Partner) under this Section 5.8(d)(i)(B) and under Section 5.8(d)(ii)(A) with respect to such partner's pro rata share of any Clawback Amount and solely to the extent that the Partnership has insufficient funds to meet the Partnership's obligations under the BTO III Partnership Agreement.

(ii) (A) In the event any Partner or Withdrawn Partner (a " GP-Related Defaulting Party ") fails to recontribute all or any portion of such GP-Related Defaulting Party's Net GP-Related Recontribution Amount for any reason, the General Partner shall require all other Partners and Withdrawn Partners to contribute, on a *pro rata* basis (based on each of their respective Carried Interest Give Back Percentages in the case of Clawback Amounts, and GP-Related Profit Sharing Percentages in the case of GP-Related Giveback Amounts (as more fully described in clause (II) of Section 5.8(d)(i)(A) above)), such amounts as are necessary to fulfill the GP-Related Defaulting Party's obligation to pay such GP-Related Defaulting Party's Net GP-Related Recontribution Amount (a " GP-Related Deficiency Contribution ") if the General Partner determines in its good faith judgment that the Partnership (or an Other Fund GP) will be unable to collect such amount in cash from such GP-Related Defaulting Party for payment of the Clawback Amount or GP-Related Giveback Amount, as the case may be, at least 20 Business Days prior to the latest date that the Partnership, and the Other Fund GPs, if applicable, are permitted to pay the Clawback Amount or GP-Related Giveback Amount, as the case may be; provided , that, subject to Section 5.8(e), no Partner or Withdrawn Partner shall as a result of such GP-Related Deficiency Contribution be required to contribute an amount in excess of 150% of the amount of the Net GP-

Related Recontribution Amount initially requested from such Partner or Withdrawn Partner in respect of such default. Thereafter, the General Partner shall determine in its good faith judgment that the Partnership should either (1) not attempt to collect such amount in light of the costs associated therewith, the likelihood of recovery and any other factors considered relevant in the good faith judgment of the General Partner or (2) pursue any and all remedies (at law or equity) available to the Partnership against the GP-Related Defaulting Party, the cost of which shall be a Partnership expense to the extent not ultimately reimbursed by the GP-Related Defaulting Party. It is agreed that the Partnership shall have the right (effective upon such GP-Related Defaulting Party becoming a GP-Related Defaulting Party) to set-off as appropriate and apply against such GP-Related Defaulting Party's Net GP-Related Recontribution Amount any amounts otherwise payable to the GP-Related Defaulting Party by the Partnership or any Affiliate thereof (including amounts unrelated to Carried Interest, such as returns of capital and profit thereon). Each Partner and Withdrawn Partner hereby grants to the General Partner a security interest, effective upon such Partner or Withdrawn Partner becoming a GP-Related Defaulting Party, in all accounts receivable and other rights to receive payment from any Affiliate of the Partnership and agrees that, upon the effectiveness of such security interest, the General Partner may sell, collect or otherwise realize upon such collateral. In furtherance of the foregoing, each Partner and Withdrawn Partner hereby appoints the General Partner as its true and lawful attorney-in-fact with full irrevocable power and authority, in the name of such Partner or Withdrawn Partner or in the name of the General Partner, to take any actions which may be necessary to accomplish the intent of the immediately preceding sentence. The General Partner shall be entitled to collect interest on the Net GP-Related Recontribution Amount of a GP-Related Defaulting Party from the date such Net GP-Related Recontribution Amount was required to be contributed to the Partnership at a rate equal to the Default Interest Rate.

(B) Any Partner's or Withdrawn Partner's failure to make a GP-Related Deficiency Contribution shall cause such Partner or Withdrawn Partner to be a GP-Related Defaulting Party with respect to such amount. The Partnership shall first seek any remaining Trust Amounts (and Trust Income thereon) allocated to such Partner or Withdrawn Partner to satisfy such Partner's or Withdrawn Partner's obligation to make a GP-Related Deficiency Contribution before seeking cash contributions from such Partner or Withdrawn Partner in satisfaction of such Partner's or Withdrawn Partner's obligation to make a GP-Related Deficiency Contribution.

(iii) In the event any Partner or Withdrawn Partner initially fails to recontribute all or any portion of such Partner or Withdrawn Partner's *pro rata* share of any Clawback Amount pursuant to Section 5.8(d)(i)(A), the Partnership shall use its reasonable efforts to collect the amount which such Partner or Withdrawn Partner so fails to recontribute.

(iv) A Partner's or Withdrawn Partner's obligation to make contributions to the Partnership under this Section 5.8(d) shall survive the termination of the Partnership.

(e) The Partners acknowledge that the General Partner will (and is hereby authorized to) take such steps as it deems appropriate, in its good faith judgment, to further the objective of providing for the fair and equitable treatment of all Partners, including by allocating Aggregate Net Losses from Writedowns (as defined in the BTO III Agreements) and Losses (as defined in the BTO III Agreements) on GP-Related BTO III Investments that have been the subject

of a writedown and/or Net Realized Loss (each, a " Loss Investment ") to those Partners who participated in such Loss Investments based on their Carried Interest Sharing Percentage therein to the extent that such Partners receive or have received Carried Interest distributions from other GP-Related BTO III Investments. Consequently and notwithstanding anything herein to the contrary, adjustments to Carried Interest distributions shall be made as set forth in this Section 5.8(e).

(i) At the time the Partnership is making Carried Interest distributions in connection with a GP-Related BTO III Investment (the " Subject Investment ") that have been reduced under any BTO III Agreement as a result of one or more Loss Investments, the General Partner shall calculate amounts distributable to or due from each such Partner as follows:

(A) determine each Partner's share of each such Loss Investment based on his or her Carried Interest Sharing Percentage in each such Loss Investment (which may be zero) to the extent such Loss Investment has reduced the Carried Interest distributions otherwise available for distribution to all Partners (indirectly through the Partnership from BTO III) from the Subject Investment (such reduction, the " Loss Amount ");

(B) determine the amount of Carried Interest distributions otherwise distributable to such Partner with respect to the Subject Investment (indirectly through the Partnership from BTO III) before any reduction in respect of the amount determined in clause (A) above (the " Unadjusted Carried Interest Distributions "); and

(C) subtract (I) the Loss Amounts relating to all Loss Investments from (II) the Unadjusted Carried Interest Distributions for such Partner, to determine the amount of Carried Interest distributions to actually be paid to such Partner (" Net Carried Interest Distribution ").

To the extent that the Net Carried Interest Distribution for a Partner as calculated in this clause (i) is a negative number, the General Partner shall (I) notify such Partner, at or prior to the time such Carried Interest distributions are actually made to the Partners, of his or her obligation to recontribute to the Partnership prior Carried Interest distributions (a " Net Carried Interest Distribution Recontribution Amount "), up to the amount of such negative Net Carried Interest Distribution, and (II) to the extent amounts recontributed pursuant to clause (I) are insufficient to satisfy such negative Net Carried Interest Distribution amount, reduce future Carried Interest distributions otherwise due such Partner, up to the amount of such remaining negative Net Carried Interest Distribution. If a Partner's (x) Net Carried Interest Distribution Recontribution Amount exceeds (y) the aggregate amount of prior Carried Interest distributions less the amount of tax thereon, calculated based on the Assumed Income Tax Rate (as defined in the BTO III Agreements) in effect in the Fiscal Years of such distributions (the " Excess Tax-Related Amount "), then such Partner may, in lieu of paying such Partner's Excess Tax-Related Amount, defer such amounts as set forth below. Such deferred amount shall accrue interest at the Prime Rate. Such deferred amounts shall be reduced and repaid by the amount of Carried Interest otherwise distributable to such Partner in connection with future Carried Interest distributions until such balance is reduced to zero. Any deferred amounts shall be payable in full upon the earlier of (i) such time as the Clawback Amount is determined (as provided herein) and (ii) such time as the Partner becomes a Withdrawn Partner.

To the extent there is an amount of negative Net Carried Interest Distribution with respect to a Partner remaining after the application of this clause (i), notwithstanding clause (II) of the preceding paragraph, such remaining amount of negative Net Carried Interest Distribution shall be allocated to the other Partners *pro rata* based on each of their Carried Interest Sharing Percentages in the Subject Investment.

A Partner who fails to pay a Net Carried Interest Distribution Recontribution Amount promptly upon notice from the General Partner (as provided above) shall be deemed a GP-Related Defaulting Party for all purposes hereof.

A Partner may satisfy in part any Net Carried Interest Distribution Recontribution Amount from cash that is then subject to a Holdback, to the extent that the amounts that remain subject to a Holdback satisfy the Holdback requirements hereof as they relate to the reduced amount of aggregate Carried Interest distributions received by such Partner (taking into account any Net Carried Interest Distribution Recontribution Amount contributed to the Partnership by such Partner).

Any Net Carried Interest Distribution Recontribution Amount contributed by a Partner, including amounts of cash subject to a Holdback as provided above, shall increase the amount available for distribution to the other Partners as Carried Interest distributions with respect to the Subject Investment; provided , that any such amounts then subject to a Holdback may be so distributed to the other Partners to the extent a Partner receiving such distribution has satisfied the Holdback requirements with respect to such distribution (taken together with the other Carried Interest distributions received by such Partner to date).

(ii) In the case of Clawback Amounts which are required to be contributed to the Partnership as otherwise provided herein, the obligation of the Partners with respect to any Clawback Amount shall be adjusted by the General Partner as follows:

(A) determine each Partner’s share of any Net Realized Losses in any GP-Related BTO III Investments which gave rise to the Clawback Amount (*i.e.* , the Losses that followed the last GP-Related BTO III Investment with respect to which Carried Interest distributions were made), based on such Partner’s Carried Interest Sharing Percentage in such GP-Related BTO III Investments;

(B) determine each Partner’s obligation with respect to the Clawback Amount based on such Partner’s Carried Interest Give Back Percentage as otherwise provided herein; and

(C) subtract the amount determined in clause (B) above from the amount determined in clause (A) above with respect to each Partner to determine the amount of adjustment to each Partner’s share of the Clawback Amount (a Partner’s “ Clawback Adjustment Amount ”).

A Partner's share of the Clawback Amount shall for all purposes hereof be decreased by such Partner's Clawback Adjustment Amount, to the extent it is a negative number (except to the extent expressly provided below). A Partner's share of the Clawback Amount shall for all purposes hereof be increased by such Partner's Clawback Adjustment Amount (to the extent it is a positive number); provided , that in no way shall a Partner's aggregate obligation to satisfy a Clawback Amount as a result of this clause (ii) exceed the aggregate Carried Interest distributions received by such Partner. To the extent a positive Clawback Adjustment Amount remains after the application of this clause (ii) with respect to a Partner, such remaining Clawback Adjustment Amount shall be allocated to the Partners (including any Partner whose Clawback Amount was increased pursuant to this clause (ii)) *pro rata* based on their Carried Interest Give Back Percentages (determined without regard to this clause (ii)).

Any distribution or contribution adjustments pursuant to this Section 5.8(e) by the General Partner shall be based on its good faith judgment, and no Partner shall have any claim against the Partnership, the General Partner or any other Partners as a result of any adjustment made as set forth above. This Section 5.8(e) applies to all Partners, including Withdrawn Partners.

It is agreed and acknowledged that this Section 5.8(e) is an agreement among the Partners and in no way modifies the obligations of each Partner regarding the Clawback Amount as provided in the BTO III Agreements.

Section 5.9. Business Expenses . The Partnership shall reimburse the Partners for reasonable travel, entertainment and miscellaneous expenses incurred by them in the conduct of the Partnership's business in accordance with rules and regulations established by the General Partner from time to time.

Section 5.10. Tax Capital Accounts; Tax Allocations .

(a) For U.S. federal income tax purposes, there shall be established for each Partner a single capital account combining such Partner's Capital Commitment Capital Account and GP-Related Capital Account, with such adjustments as the General Partner determines are appropriate so that such single capital account is maintained in compliance with the principles and requirements of Section 704(b) of the Code and the Treasury Regulations thereunder.

(b) All items of income, gain, loss, deduction and credit of the Partnership shall be allocated among the Partners for U.S. federal, state and local income tax purposes in the same manner as such items of income, gain, loss, deduction and credit shall be allocated among the Partners pursuant to this Agreement, except as may otherwise be provided herein or by the Code or other applicable law. In the event there is a net decrease in partnership minimum gain or partner nonrecourse debt minimum gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any taxable year of the Partnership, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to its respective share of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). In addition, this Agreement shall be considered to contain a "qualified income offset" as provided in Treasury Regulations Section 1.704-1(b)(2)(ii)(d). Notwithstanding the foregoing, the General Partner in its sole discretion shall make allocations for tax purposes as may be needed to ensure that allocations are in accordance with the interests of the Partners within the meaning of the Code and the Treasury Regulations.

(c) For U.S. federal, state and local income tax purposes only, Partnership income, gain, loss, deduction or expense (or any item thereof) for each Fiscal Year shall be allocated to and among the Partners in a manner corresponding to the manner in which corresponding items are allocated among the Partners pursuant to the other provisions of this Section 5.10; provided , that the General Partner may in its sole discretion make such allocations for tax purposes as it determines are appropriate so that allocations have substantial economic effect or are in accordance with the interests of the Partners, within the meaning of the Code and the Treasury Regulations thereunder. To the extent there is an adjustment by a taxing authority to any item of income, gain, loss, deduction or credit of the Partnership (or an adjustment to any Partner's distributive share thereof), the General Partner may reallocate the adjusted items among each Partner or former Partner (as determined by the General Partner) in accordance with the final resolution of such audit adjustment.

ARTICLE VI

ADDITIONAL PARTNERS; WITHDRAWAL OF PARTNERS; SATISFACTION AND DISCHARGE OF PARTNERSHIP INTERESTS; TERMINATION

Section 6.1. Additional Partners .

(a) Effective on the first day of any month (or on such other date as shall be determined by the General Partner in its sole discretion), the General Partner shall have the right to admit one or more additional or substitute persons into the Partnership as Limited Partners or Special Partners. Each such person shall make the representations and certifications with respect to itself set forth in Section 3.6 and Section 3.7. The General Partner shall determine and negotiate with the additional Partner (which term shall include, without limitation, any substitute Partner) all terms of such additional Partner's participation in the Partnership, including the additional Partner's initial GP-Related Capital Contribution, Capital Commitment-Related Capital Contribution, GP-Related Profit Sharing Percentage and Capital Commitment Profit Sharing Percentage. Each additional Partner shall have such voting rights as may be determined by the General Partner from time to time unless, upon the admission to the Partnership of any Special Partner, the General Partner shall designate that such Special Partner shall not have such voting rights (any such Special Partner being called a " Nonvoting Special Partner "). Any additional Partner shall, as a condition to becoming a Partner, agree to become a party to, and be bound by the terms and conditions of, the Trust Agreement. If Blackstone or another or subsequent holder of an Investor Note approved by the General Partner for purposes of this Section 6.1(a) shall foreclose upon a Limited Partner's Investor Note issued to finance such Limited Partner's purchase of his or her Capital Commitment Interests, Blackstone or such other or subsequent holder shall succeed to such Limited Partner's Capital Commitment Interests and shall be deemed to have become a Limited Partner to such extent. Any additional Partner may have a GP-Related Partner Interest or a Capital Commitment Partner Interest, without having the other such interest.

(b) The GP-Related Profit Sharing Percentages, if any, to be allocated to an additional Partner as of the date such Partner is admitted to the Partnership, together with the *pro rata* reduction in all other Partners' GP-Related Profit Sharing Percentages as of such date, shall be established by the General Partner pursuant to Section 5.3. The Capital Commitment Profit Sharing Percentages, if any, to be allocated to an additional Partner as of the date such Partner is admitted to the Partnership, together with the pro rata reduction in all other Partners' Capital Commitment Profit Sharing Percentages as of such date, shall be established by the General Partner. Notwithstanding any provision in this Agreement to the contrary, the General Partner is authorized, without the need for any further act, vote or consent of any person, to make adjustments to the GP-Related Profit Sharing Percentages as it determines necessary in its sole discretion in connection with any additional Partners admitted to the Partnership, adjustments with respect to other Partners of the Partnership and to give effect to other matters set forth herein, as applicable.

(c) An additional Partner shall be required to contribute to the Partnership his or her pro rata share of the Partnership's total capital, excluding capital in respect of GP-Related Investments and Capital Commitment Investments in which such Partner does not acquire any interests, at such times and in such amounts as shall be determined by the General Partner in accordance with Section 4.1 and Section 7.1.

(d) The admission of an additional Partner will be evidenced by (i) the execution of a counterpart copy of this Agreement by such additional Partner, or (ii) the execution of an amendment to this Agreement by the General Partner and the additional Partner, as determined by the General Partner, or (iii) the execution by such additional Partner of any other writing evidencing the intent of such person to become an additional Partner and to be bound by the terms of this Agreement and such writing being acceptable to the General Partner on behalf of the Partnership. In addition, each additional Partner shall sign a counterpart copy of the Trust Agreement or any other writing evidencing the intent of such person to become a party to the Trust Agreement that is acceptable to the General Partner on behalf of the Partnership.

Section 6.2. Withdrawal of Partners .

(a) Any Partner may Withdraw voluntarily from the Partnership subject to the prior written consent of the General Partner, including if such Withdrawal would (i) cause the Partnership to be in default under any of its contractual obligations or (ii) in the reasonable judgment of the General Partner, have a material adverse effect on the Partnership or its business. Without limiting the foregoing sentence, the General Partner generally intends to permit voluntary Withdrawals on the last day of any calendar month (or on such other date as shall be determined by the General Partner in its sole discretion), on not less than 15 days' prior written notice by such Partner to the General Partner (or on such shorter notice period as may be mutually agreed upon between such Partner and the General Partner); provided , that a Partner may Withdraw from the Partnership with respect to such Partner's GP-Related Partner Interest without Withdrawing from the Partnership with respect to such Partner's Capital Commitment Partner Interest, and a Partner may Withdraw from the Partnership with respect to such Partner's Capital Commitment Partner Interest without Withdrawing from the Partnership with respect to such Partner's GP-Related Partner Interest.

(b) Upon the Withdrawal of any Partner, including by the occurrence of any withdrawal event under the Partnership Act with respect to any Partner, such Partner shall thereupon cease to be a Partner, except as expressly provided herein.

(c) Upon the Total Disability of a Limited Partner, such Partner shall thereupon cease to be a Limited Partner with respect to such person's GP-Related Partner Interest; provided , that the General Partner may elect to admit such Withdrawn Partner to the Partnership as a Nonvoting Special Partner with respect to such person's GP-Related Partner Interest, with such GP-Related Partner Interest as the General Partner may determine. The determination of whether any Partner has suffered a Total Disability shall be made by the General Partner in its sole discretion after consultation with a qualified medical doctor. In the absence of agreement between the General Partner and such Partner, each party shall nominate a qualified medical doctor and the two doctors shall select a third doctor, who shall make the determination as to Total Disability.

(d) If the General Partner determines that it shall be in the best interests of the Partnership for any Partner (including any Partner who has given notice of voluntary Withdrawal pursuant to paragraph (a) above) to Withdraw from the Partnership (whether or not Cause exists) with respect to such person's GP-Related Partner Interest and/or with respect to such person's Capital Commitment Partner Interest, such Partner, upon written notice by the General Partner to such Partner, shall be required to Withdraw with respect to such person's GP-Related Partner Interest and/or with respect to such person's Capital Commitment Partner Interest, as of a date specified in such notice, which date shall be on or after the date of such notice. If the General Partner requires any Partner to Withdraw for Cause with respect to such person's GP-Related Partner Interest and/or with respect to such person's Capital Commitment Partner Interest, such notice shall state that it has been given for Cause and shall describe the particulars thereof in reasonable detail.

(e) The Withdrawal from the Partnership of any Partner shall not, in and of itself, affect the obligations of the other Partners to continue the Partnership during the remainder of its term. A Withdrawn General Partner shall remain liable for all obligations of the Partnership incurred while it was a General Partner and resulting from its acts or omissions as a General Partner to the fullest extent provided by law.

Section 6.3. GP-Related Partner Interests Not Transferable . (a) No Partner may sell, assign, pledge, grant a security interest over or otherwise transfer or encumber all or any portion of such Partner's GP-Related Partner Interest other than as permitted by written agreement between such Partner and the Partnership; provided , that this Section 6.3 shall not impair transfers by operation of law, transfers by will or by other testamentary instrument occurring by virtue of the death or dissolution of a Partner, or transfers required by trust agreements; provided further , that, subject to the prior written consent of the General Partner, which shall not be unreasonably withheld, a Limited Partner may transfer, for estate planning purposes, up to 25% of his or her GP-Related Profit Sharing Percentage to any estate planning trust, limited partnership, or limited liability company with respect to which a Limited Partner controls investments related to any interest in the Partnership held therein (an " Estate Planning Vehicle "). Each Estate Planning Vehicle will be a Nonvoting Special Partner. Such Limited Partner and the Nonvoting Special Partner shall be jointly and severally liable for all obligations of both such Limited Partner and such Nonvoting Special Partner with respect to the Partnership (including the obligation to make

additional GP-Related Capital Contributions), as the case may be. The General Partner may at its sole option exercisable at any time require any Estate Planning Vehicle to Withdraw from the Partnership on the terms of this Article VI. Except as provided in the second proviso to the first sentence of this Section 6.3, no assignee, legatee, distributee, heir or transferee (by conveyance, operation of law or otherwise) of the whole or any portion of any Partner's GP-Related Partner Interest shall have any right to be a Partner without the prior written consent of the General Partner (which consent may be given or withheld in its sole discretion without giving any reason therefor). Notwithstanding the granting of a security interest in the entire Interest of any Partner, such Partner shall continue to be a Partner of the Partnership.

(b) Notwithstanding any provision hereof to the contrary, no sale or transfer of any GP-Related Partner Interest in the Partnership may be made except in compliance with all federal, state and other applicable laws, including U.S. federal and state securities laws.

Section 6.4. Consequences upon Withdrawal of a Partner .

(a) Subject to the Partnership Act, the General Partner may not transfer or assign its interest as a General Partner in the Partnership or its right to manage the affairs of the Partnership, except that the General Partner may, subject to the Partnership Act, with the prior written approval of a Majority in Interest of the Partners, admit another person as an additional or substitute General Partner who makes such representations with respect to itself as the General Partner deems necessary or appropriate (with regard to compliance with applicable law or otherwise); provided however , that the General Partner may, in its sole discretion, transfer all or part of its interest in the Partnership to a person who makes such representations with respect to itself as the General Partner deems necessary or appropriate (with regard to compliance with applicable law or otherwise) and who owns, directly or indirectly, the principal part of the business then conducted by the General Partner in connection with any liquidation, dissolution or reorganization of the General Partner, and, upon the assumption by such person of liability for all the obligations of the General Partner under this Agreement, such person shall be admitted as the General Partner. A person who is so admitted as an additional or substitute General Partner shall thereby become a General Partner and shall have the right to manage the affairs of the Partnership and to vote as a Partner to the extent of the interest in the Partnership so acquired. The General Partner shall not cease to be the general partner of the Partnership upon the collateral assignment of or the pledging or granting of a security interest in its entire Interest in the Partnership.

(b) Except as contemplated by Section 6.4(a) above, Withdrawal by a General Partner is not permitted. The Withdrawal of a Partner shall not dissolve the Partnership if at the time of such Withdrawal there are one or more remaining Partners and any one or more of such remaining Partners continue the business of the Partnership (any and all such remaining Partners being hereby authorized to continue the business of the Partnership without dissolution and hereby agreeing to do so). Notwithstanding Section 6.4(c), if upon the Withdrawal of a Partner there shall be no remaining Limited Partners, the Partnership shall be dissolved and shall be wound up unless, within 90 days after the occurrence of such Withdrawal, all remaining Special Partners agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such Withdrawal, of one or more Limited Partners.

(c) The Partnership shall not be dissolved, in and of itself, by the Withdrawal of any Partner, but shall continue with the surviving or remaining Partners as members thereof in accordance with and subject to the terms and provisions of this Agreement.

Section 6.5. Satisfaction and Discharge of a Withdrawn Partner ' s GP-Related Partner Interest s .

(a) The terms of this Section 6.5 shall apply to the GP-Related Partner Interest of a Withdrawn Partner, but, except as otherwise expressly provided in this Section 6.5, shall not apply to the Capital Commitment Partner Interest of a Withdrawn Partner. For purposes of this Section 6.5, the term " Settlement Date " means the date as of which a Withdrawn Partner's GP-Related Partner Interest in the Partnership is settled as determined under paragraph (b) below. Notwithstanding the foregoing, any Limited Partner who Withdraws from the Partnership, and all or any portion of whose GP-Related Partner Interest is retained as a Special Partner, shall be considered a Withdrawn Partner for all purposes hereof.

(b) Except where a later date for the settlement of a Withdrawn Partner's GP-Related Partner Interest in the Partnership may be agreed to by the General Partner and a Withdrawn Partner, a Withdrawn Partner's Settlement Date shall be his or her Withdrawal Date; provided , that if a Withdrawn Partner's Withdrawal Date is not the last day of a month, then the General Partner may elect for such Withdrawn Partner's Settlement Date to be the last day of the month in which his or her Withdrawal Date occurs. During the interval, if any, between a Withdrawn Partner's Withdrawal Date and Settlement Date, such Withdrawn Partner shall have the same rights and obligations with respect to GP-Related Capital Contributions, interest on capital, allocations of GP-Related Net Income (Loss) and distributions as would have applied had such Withdrawn Partner remained a Partner of the Partnership during such period.

(c) In the event of the Withdrawal of a Partner, with respect to such Withdrawn Partner's GP-Related Partner Interest, the General Partner shall promptly after such Withdrawn Partner's Settlement Date (i) determine and allocate to the Withdrawn Partner's GP-Related Capital Accounts such Withdrawn Partner's allocable share of the GP-Related Net Income (Loss) of the Partnership for the period ending on such Settlement Date in accordance with Article V and (ii) credit the Withdrawn Partner's GP-Related Capital Accounts with interest in accordance with Section 5.2. In making the foregoing calculations, the General Partner shall be entitled to establish such reserves (including reserves for taxes, bad debts, unrealized losses, actual or threatened litigation or any other expenses, contingencies or obligations) as it deems appropriate. Unless otherwise determined by the General Partner in a particular case, a Withdrawn Partner shall not be entitled to receive any GP-Related Unallocated Percentage in respect of the accounting period during which such Partner Withdraws from the Partnership (whether or not previously awarded or allocated) or any GP-Related Unallocated Percentage in respect of prior accounting periods that have not been paid or allocated (whether or not previously awarded) as of such Withdrawn Partner's Withdrawal Date.

(d) From and after the Settlement Date of the Withdrawn Partner, the Withdrawn Partner's GP-Related Profit Sharing Percentages shall, unless otherwise allocated by the General Partner pursuant to Section 5.3(a), be deemed to be GP-Related Unallocated Percentages (except for GP-Related Profit Sharing Percentages with respect to GP-Related Investments as provided in paragraph (f) below).

(e) (i) Upon the Withdrawal from the Partnership of a Partner with respect to such Partner's GP-Related Partner Interest, such Withdrawn Partner thereafter shall not, except as expressly provided in this Section 6.5, have any rights of a Partner (including voting rights) with respect to such Partner's GP-Related Partner Interest, and, except as expressly provided in this Section 6.5, such Withdrawn Partner shall not have any interest in the Partnership's GP-Related Net Income (Loss), or in distributions related to such Partner's GP-Related Partner Interest, GP-Related Investments or other assets related to such Partner's GP-Related Partner Interest. If a Partner Withdraws from the Partnership with respect to such Partner's GP-Related Partner Interest for any reason other than for Cause pursuant to Section 6.2, then the Withdrawn Partner shall be entitled to receive, at the time or times specified in Section 6.5(i) below, in satisfaction and discharge in full of the Withdrawn Partner's GP-Related Partner Interest in the Partnership, (x) payment equal to the aggregate credit balance, if any, as of the Settlement Date of the Withdrawn Partner's GP-Related Capital Accounts, (excluding any GP-Related Capital Account or portion thereof attributable to any GP-Related Investment) and (y) the Withdrawn Partner's percentage interest attributable to each GP-Related Investment in which the Withdrawn Partner has an interest as of the Settlement Date as provided in paragraph (f) below (which shall be settled in accordance with paragraph (f) below), subject to all the terms and conditions of paragraphs (a)-(r) of this Section 6.5. If the amount determined pursuant to clause (x) above is an aggregate negative balance, the Withdrawn Partner shall pay the amount thereof to the Partnership upon demand by the General Partner on or after the date of the statement referred to in Section 6.5(i) below; provided , that if the Withdrawn Partner was solely a Special Partner on his or her Withdrawal Date, such payment shall be required only to the extent of any amounts payable to such Withdrawn Partner pursuant to this Section 6.5. Any aggregate negative balance in the GP-Related Capital Accounts of a Withdrawn Partner who was solely a Special Partner, upon the settlement of such Withdrawn Partner's GP-Related Partner Interest in the Partnership pursuant to this Section 6.5, shall be allocated among the other Partners' GP-Related Capital Accounts in accordance with their respective GP-Related Profit Sharing Percentages in the categories of GP-Related Net Income (Loss) giving rise to such negative balance as determined by the General Partner as of such Withdrawn Partner's Settlement Date. In the settlement of any Withdrawn Partner's GP-Related Partner Interest in the Partnership, no value shall be ascribed to goodwill, the Partnership name or the anticipation of any value the Partnership or any successor thereto might have in the event the Partnership or any interest therein were to be sold in whole or in part.

(ii) Notwithstanding clause (i) of this Section 6.5(e), in the case of a Partner whose Withdrawal with respect to such Partner's GP-Related Partner Interest resulted from such Partner's death or Incompetence, such Partner's estate or legal representative, as the case may be, may elect, at the time described below, to receive a Nonvoting Special Partner GP-Related Partner Interest and retain such Partner's GP-Related Profit Sharing Percentage in all (but not less than all) illiquid investments of the Partnership in lieu of a cash payment (or Investor Note) in settlement of that portion of the Withdrawn Partner's GP-Related Partner Interest. The election referred to above shall be made within 60 days after the Withdrawn Partner's Settlement Date, based on a statement of the settlement of such Withdrawn Partner's GP-Related Partner Interest in the Partnership pursuant to this Section 6.5.

(f) For purposes of clause (y) of paragraph (e)(i) above, a Withdrawn Partner's "percentage interest" means his or her GP-Related Profit Sharing Percentage as of the Settlement Date in the relevant GP-Related Investment. The Withdrawn Partner shall retain his or her percentage interest in such GP-Related Investment and shall retain his or her GP-Related Capital Account or portion thereof attributable to such GP-Related Investment, in which case such Withdrawn Partner (a " Retaining Withdrawn Partner ") shall become and remain a Special Partner for such purpose (and, if the General Partner so designates, such Special Partner shall be a Nonvoting Special Partner). The GP-Related Partner Interest of a Retaining Withdrawn Partner pursuant to this paragraph (f) shall be subject to the terms and conditions applicable to GP-Related Partner Interests of any kind hereunder and such other terms and conditions as are established by the General Partner. At the option of the General Partner in its sole discretion, the General Partner and the Retaining Withdrawn Partner may agree to have the Partnership acquire such GP-Related Partner Interest without the approval of the other Partners; provided , that the General Partner shall reflect in the books and records of the Partnership the terms of any acquisition pursuant to this sentence.

(g) The General Partner may elect, in lieu of payment in cash of any amount payable to a Withdrawn Partner pursuant to paragraph (e) above, to (i) have the Partnership issue to the Withdrawn Partner a subordinated promissory note and/or to (ii) distribute in kind to the Withdrawn Partner such Withdrawn Partner's pro rata share (as determined by the General Partner) of any securities or other investments of the Partnership in relation to such Partner's GP-Related Partner Interest. If any securities or other investments are distributed in kind to a Withdrawn Partner under this paragraph (g), the amount described in clause (x) of paragraph (e)(i) shall be reduced by the value of such distribution as valued on the latest balance sheet of the Partnership in accordance with generally accepted accounting principles or, if not appearing on such balance sheet, as reasonably determined by the General Partner.

(h) [Intentionally omitted.]

(i) Within 120 days after each Settlement Date, the General Partner shall submit to the Withdrawn Partner a statement of the settlement of such Withdrawn Partner's GP-Related Partner Interest in the Partnership pursuant to this Section 6.5 together with any cash payment, subordinated promissory note and in kind distributions to be made to such Partner as shall be determined by the General Partner. The General Partner shall submit to the Withdrawn Partner supplemental statements with respect to additional amounts payable to or by the Withdrawn Partner in respect of the settlement of his or her GP-Related Partner Interest in the Partnership (e.g. , payments in respect of GP-Related Investments pursuant to paragraph (f) above or adjustments to reserves pursuant to paragraph (j) below) promptly after such amounts are determined by the General Partner. To the fullest extent permitted by law, such statements and the valuations on which they are based shall be accepted by the Withdrawn Partner without examination of the accounting books and records of the Partnership or other inquiry. Any amounts payable by the Partnership to a Withdrawn Partner pursuant to this Section 6.5 shall be subordinate in right of payment and subject to the prior payment or provision for payment in full of claims of all present or future creditors of the Partnership or any successor thereto arising out of matters occurring prior to the applicable date of payment or distribution; provided , that such Withdrawn Partner shall otherwise rank *pari passu* in right of payment (x) with all persons who become Withdrawn Partners and whose Withdrawal Date is within one year before the Withdrawal Date of the Withdrawn Partner in question and (y) with all persons who become Withdrawn Partners and whose Withdrawal Date is within one year after the Withdrawal Date of the Withdrawn Partner in question.

(j) If the aggregate reserves established by the General Partner as of the Settlement Date in making the foregoing calculations should prove, in the determination of the General Partner, to be excessive or inadequate, the General Partner may elect, but shall not be obligated, to pay the Withdrawn Partner or his or her estate such excess, or to charge the Withdrawn Partner or his or her estate such deficiency, as the case may be.

(k) Any amounts owed by the Withdrawn Partner to the Partnership at any time on or after the Settlement Date (*e.g.* , outstanding Partnership loans or advances to such Withdrawn Partner) shall be offset against any amounts payable or distributable by the Partnership to the Withdrawn Partner at any time on or after the Settlement Date or shall be paid by the Withdrawn Partner to the Partnership, in each case as determined by the General Partner. All cash amounts payable by a Withdrawn Partner to the Partnership under this Section 6.5 shall bear interest from the due date to the date of payment at a floating rate equal to the lesser of (x) the Prime Rate or (y) the maximum rate of interest permitted by applicable law. The “due date” of amounts payable by a Withdrawn Partner pursuant to Section 6.5(i) above shall be 120 days after a Withdrawn Partner’s Settlement Date. The “due date” of amounts payable to or by a Withdrawn Partner in respect of GP-Related Investments for which the Withdrawn Partner has retained a percentage interest in accordance with paragraph (f) above shall be 120 days after realization with respect to such GP-Related Investment. The “due date” of any other amounts payable by a Withdrawn Partner shall be 60 days after the date such amounts are determined to be payable.

(l) At the time of the settlement of any Withdrawn Partner’s GP-Related Partner Interest in the Partnership pursuant to this Section 6.5, the General Partner may, to the fullest extent permitted by applicable law, impose any restrictions it deems appropriate on the assignment, pledge, encumbrance or other transfer by such Withdrawn Partner of any interest in any GP-Related Investment retained by such Withdrawn Partner, any securities or other investments distributed in kind to such Withdrawn Partner or such Withdrawn Partner’s right to any payment from the Partnership.

(m) If a Partner is required to Withdraw from the Partnership with respect to such Partner’s GP-Related Partner Interest for Cause pursuant to Section 6.2(d), then his or her GP-Related Partner Interest shall be settled in accordance with paragraphs (a)-(r) of this Section 6.5; provided , that the General Partner may elect (but shall not be required) to apply any or all the following terms and conditions to such settlement:

(i) In settling the Withdrawn Partner’s interest in any GP-Related Investment in which he or she has an interest as of his or her Settlement Date, the General Partner may elect to (A) determine the GP-Related Unrealized Net Income (Loss) attributable to each such GP-Related Investment as of the Settlement Date and allocate to the appropriate GP-Related Capital Account of the Withdrawn Partner his or her allocable share of such GP-Related Unrealized Net Income (Loss) for purposes of calculating the aggregate balance of such Withdrawn Partner’s GP-Related Capital Account pursuant to clause (x) of paragraph (e)(i) above, (B) credit or debit, as applicable, the Withdrawn

Partner with the balance of his or her GP-Related Capital Account or portion thereof attributable to each such GP-Related Investment as of his or her Settlement Date without giving effect to the GP-Related Unrealized Net Income (Loss) from such GP-Related Investment as of his or her Settlement Date, which shall be forfeited by the Withdrawn Partner or (C) apply the provisions of paragraph (f) above; provided , that the maximum amount of GP-Related Net Income (Loss) allocable to such Withdrawn Partner with respect to any GP-Related Investment shall equal such Partner's percentage interest of the GP-Related Unrealized Net Income, if any, attributable to such GP-Related Investment as of the Settlement Date (the balance of such GP-Related Net Income (Loss), if any, shall be allocated as determined by the General Partner). The Withdrawn Partner shall not have any continuing interest in any GP-Related Investment to the extent an election is made pursuant to (A) or (B) above.

(ii) Any amounts payable by the Partnership to the Withdrawn Partner pursuant to this Section 6.5 shall be subordinate in right of payment and subject to the prior payment in full of claims of all present or future creditors of the Partnership or any successor thereto arising out of matters occurring prior to or on or after the applicable date of payment or distribution.

(n) The payments to a Withdrawn Partner pursuant to this Section 6.5 may be conditioned on the compliance by such Withdrawn Partner with any lawful and reasonable (under the circumstances) restrictions against engaging or investing in a business competitive with that of the Partnership or any of its subsidiaries and Affiliates for a period not exceeding two years determined by the General Partner. Upon written notice to the General Partner, any Withdrawn Partner who is subject to noncompetition restrictions established by the General Partner pursuant to this paragraph (n) may elect to forfeit the principal amount payable in the final installment of his or her subordinated promissory note, together with interest to be accrued on such installment after the date of forfeiture, in lieu of being bound by such restrictions.

(o) In addition to the foregoing, the General Partner shall have the right to pay a Withdrawn Partner (other than the General Partner) a discretionary additional payment in an amount and based upon such circumstances and conditions as it determines to be relevant.

(p) The provisions of this Section 6.5 shall apply to any Investor Special Partner relating to a Limited Partner or Special Partner and to any transferee of any GP-Related Partner Interest of such Partner pursuant to Section 6.3 if such Partner Withdraws from the Partnership.

(q) (i) The Partnership will assist a Withdrawn Partner or his or her estate or guardian, as the case may be, in the settlement of the Withdrawn Partner's GP-Related Partner Interest in the Partnership. Third party costs incurred by the Partnership in providing this assistance will be borne by the Withdrawn Partner or his or her estate.

(ii) The General Partner may reasonably determine in good faith to retain outside professionals to provide the assistance to Withdrawn Partners or their estates or guardians, as referred to above. In such instances, the General Partner will obtain the prior approval of a Withdrawn Partner or his or her estate or guardian, as the case may be, prior to engaging such professionals. If the Withdrawn Partner (or his or her estate or guardian) declines to incur such costs, the General Partner will provide such reasonable assistance as and when it can so as not to interfere with the Partnership's day-to-day operating, financial, tax and other related responsibilities to the Partnership and the Partners.

(r) Each Partner (other than the General Partner) hereby irrevocably appoints the General Partner as such Partner's true and lawful agent, representative and attorney-in-fact, each acting alone, in such Partner's name, place and stead, to make, execute, sign and file, on behalf of such Partner, any and all agreements, instruments, consents, ratifications, documents and certificates which the General Partner deems necessary or advisable in connection with any transaction or matter contemplated by or provided for in this Section 6.5, including, without limitation, the performance of any obligation of such Partner or the Partnership or the exercise of any right of such Partner or the Partnership. Such power of attorney is coupled with an interest and shall survive and continue in full force and effect notwithstanding the Withdrawal from the Partnership of any Partner for any reason and shall not be affected by the death, disability or incapacity of such Partner.

Section 6.6. Dissolution of the Partnership. The General Partner may dissolve the Partnership prior to the expiration of its term at any time on not less than 60 days' notice of the dissolution date given to the other Partners. Upon the dissolution of the Partnership, the Partners' respective interests in the Partnership shall be valued and settled in accordance with the procedures set forth in Section 6.5, which provides for allocations to the GP-Related Capital Accounts of the Partners and distributions in accordance with the capital account balances of the Partners.

Section 6.7. Certain Tax Matters. (a) The General Partner shall determine all matters concerning allocations for tax purposes not expressly provided for herein in its sole discretion.

(b) The General Partner shall cause to be prepared all federal, state and local tax returns of the Partnership for each year for which such returns are required to be filed and, after approval of such returns by the General Partner, shall cause such returns to be timely filed. The General Partner shall determine the appropriate treatment of each item of income, gain, loss, deduction and credit of the Partnership and the accounting methods and conventions under the tax laws of the United States, the several States and other relevant jurisdictions as to the treatment of any such item or any other method or procedure related to the preparation of such tax returns. The General Partner may cause the Partnership to make or refrain from making any and all elections permitted by such tax laws. Each Partner agrees that he or she shall not, unless he or she provides prior notice of such action to the Partnership, (i) treat, on his or her individual income tax returns, any item of income, gain, loss, deduction or credit relating to his or her interest in the Partnership in a manner inconsistent with the treatment of such item by the Partnership as reflected on the Form K-1 or other information statement furnished by the Partnership to such Partner for use in preparing his or her income tax returns or (ii) file any claim for refund relating to any such item based on, or which would result in, such inconsistent treatment. In respect of an income tax audit of any tax return of the Partnership, the filing of any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit reflected on any tax return of the Partnership, or any administrative or judicial proceedings arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, (A) the Tax Matters Partner (as defined below) shall be authorized to act for, and his or her decision shall be final and

binding upon, the Partnership and all Partners except to the extent a Partner shall properly elect to be excluded from such proceeding pursuant to the Code, (B) all expenses incurred by the Tax Matters Partner in connection therewith (including, without limitation, attorneys', accountants' and other experts' fees and disbursements) shall be expenses of the Partnership and (C) no Partner shall have the right to (1) participate in the audit of any Partnership tax return, (2) file any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit reflected on any tax return of the Partnership (unless he or she provides prior notice of such action to the Partnership as provided above), (3) participate in any administrative or judicial proceedings conducted by the Partnership or the Tax Matters Partner arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, or (4) appeal, challenge or otherwise protest any adverse findings in any such audit conducted by the Partnership or the Tax Matters Partner or with respect to any such amended return or claim for refund filed by the Partnership or the Tax Matters Partner or in any such administrative or judicial proceedings conducted by the Partnership or the Tax Matters Partner. The Partnership and each Partner hereby designate any Partner selected by the General Partner as the "partnership representative" (as defined under the Code) (the " Tax Matters Partner "). To the fullest extent permitted by applicable law, each Partner agrees to indemnify and hold harmless the Partnership and all other Partners from and against any and all liabilities, obligations, damages, deficiencies and expenses resulting from any breach or violation by such Partner of the provisions of this Section 6.7 and from all actions, suits, proceedings, demands, assessments, judgments, costs and expenses, including reasonable attorneys' fees and disbursements, incident to any such breach or violation.

(c) Each individual Partner shall provide to the Partnership copies of each federal, state and local income tax return of such Partner (including any amendment thereof) within 30 days after filing such return.

(d) To the extent the General Partner reasonably determines that the Partnership (or any entity in which the Partnership holds an interest) is or may be required by law to withhold or to make tax payments, including interest and penalties on such amounts, on behalf of or with respect to any Partner, including pursuant to Section 6225 of the Code (" Tax Advances "), the General Partner may withhold or escrow such amounts or make such tax payments as so required. All Tax Advances made on behalf of a Partner shall, at the option of the General Partner, (i) be promptly paid to the Partnership by the Partner on whose behalf such Tax Advances were made or (ii) be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Partner or, if such distributions are not sufficient for that purpose, by so reducing the proceeds upon dissolution of the Partnership otherwise payable to such Partner. Whenever the General Partner selects option (ii) pursuant to the preceding sentence for repayment of a Tax Advance by a Partner, for all other purposes of this Agreement such Partner shall be treated as having received all distributions (whether before or upon dissolution of the Partnership) unreduced by the amount of such Tax Advance. To the fullest extent permitted by law, each Partner hereby agrees to indemnify and hold harmless the Partnership and the other Partners from and against any liability (including, without limitation, any liability for taxes, penalties, additions to tax or interest) with respect to income attributable to or distributions or other payments to such Partner. The obligations of a Partner set forth in this Section 6.7(d) shall survive the withdrawal of any Partner from the Partnership or any Transfer of a Partner's interest.

Section 6.8. Special Basis Adjustments . In connection with any assignment or transfer of a Partnership interest permitted by the terms of this Agreement, the General Partner may cause the Partnership, on behalf of the Partners and at the time and in the manner provided in Treasury Regulations Section 1.754-1(b), to make an election to adjust the basis of the Partnership's property in the manner provided in Sections 734(b) and 743(b) of the Code.

ARTICLE VII

CAPITAL COMMITMENT INTERESTS; CAPITAL CONTRIBUTIONS;

ALLOCATIONS; DISTRIBUTIONS

Section 7.1. Capital Commitment Interests, etc .

(a) This Article VII and Article VIII hereof set forth certain terms and conditions with respect to the Capital Commitment Partner Interests and the Capital Commitment BTO III Interest and matters related to the Capital Commitment Partner Interests and the Capital Commitment BTO III Interest. Except as otherwise expressly provided in this Article VII or in Article VIII, the terms and provisions of this Article VII and Article VIII shall not apply to the GP-Related Partner Interests or the GP-Related BTO III Interest.

(b) Each Partner, severally, agrees to make contributions of capital to the Partnership (" Capital Commitment-Related Capital Contributions ") as required to fund the Partnership's capital contributions to BTO III or Associates III in respect of the Capital Commitment BTO III Interest, if any, and the related Capital Commitment BTO III Commitment, if any (including, without limitation, funding all or a portion of the Blackstone Commitment). No Partner shall be obligated to make Capital Commitment-Related Capital Contributions to the Partnership in an amount in excess of such Partner's Capital Commitment-Related Commitment. The Commitment Agreements and SMD Agreements, if any, of the Partners may include provisions with respect to the foregoing matters. It is understood that a Partner will not necessarily participate in each Capital Commitment Investment (which may include additional amounts invested in an existing Capital Commitment Investment) nor will a Partner necessarily have the same Capital Commitment Profit Sharing Percentage with respect to (i) the Partnership's portion of the Blackstone Commitment or (ii) the making of each Capital Commitment Investment in which such Partner participates; provided , that this in no way limits the terms of any Commitment Agreement or SMD Agreement. In addition, nothing contained herein shall be construed to give any Partner the right to obtain financing with respect to the purchase of any Capital Commitment Interest, and nothing contained herein shall limit or dictate the terms upon which the Partnership and its Affiliates may provide such financing. The acquisition of a Capital Commitment Interest by a Partner shall be evidenced by receipt by the Partnership of funds equal to such Partner's Capital Commitment-Related Commitment then due with respect to such Capital Commitment Interest and such appropriate documentation as the General Partner may submit to the Partners from time to time.

(c) The Partnership or one of its Affiliates (in such capacity, the " Advancing Party ") may in its sole discretion advance to any Partner (including any additional Partner admitted to the Partnership pursuant to Section 6.1 but excluding any Partners that are also executive officers of Blackstone) all or any portion of the Capital Commitment-Related Capital Contributions due to the Partnership from such Partner with respect to any Capital Commitment Investment (" Firm Advances "). Each such Partner shall pay interest to the Advancing Party on each Firm Advance from the date of such Firm Advance until the repayment thereof by such Partner. Each Firm Advance shall be repayable in full, including accrued interest to the date of such repayment, upon prior written notice by the Advancing Party. The making and repayment of each Firm Advance shall be recorded in the books and records of the Partnership, and such recording shall be conclusive evidence of each such Firm Advance, binding on the Partner and the Advancing Party absent manifest error. Except as provided below, the interest rate applicable to a Firm Advance shall equal the cost of funds of the Advancing Party at the time of the making of such Firm Advance. The Advancing Party shall inform any Partner of such rate upon such Partner's request; provided , that such interest rate shall not exceed the maximum interest rate allowable by applicable law; provided further , that amounts that are otherwise payable to such Partner pursuant to Section 7.4(a) shall be used to repay such Firm Advance (including interest thereon). The Advancing Party may, in its sole discretion, change the terms of Firm Advances (including the terms contained herein) and/or discontinue the making of Firm Advances; provided , that (i) the Advancing Party shall notify the relevant Partners of any material changes to such terms and (ii) the interest rate applicable to such Firm Advances and overdue amounts thereon shall not exceed the maximum interest rate allowable by applicable law.

Section 7.2. Capital Commitment Capital Accounts .

(a) There shall be established for each Partner in the books of the Partnership as of the date of formation of the Partnership, or such later date on which such Partner is admitted to the Partnership, and on each such other date as such Partner first acquires a Capital Commitment Interest in a particular Capital Commitment Investment, a Capital Commitment Capital Account for each Capital Commitment Investment in which such Partner acquires a Capital Commitment Interest on such date. Each Capital Commitment-Related Capital Contribution of a Partner shall be credited to the appropriate Capital Commitment Capital Account of such Partner on the date such Capital Commitment-Related Capital Contribution is paid to the Partnership. Capital Commitment Capital Accounts shall be adjusted to reflect any transfer of a Partner's interest in the Partnership related to his or her Capital Commitment Partner Interest as provided in this Agreement.

(b) A Partner shall not have any obligation to the Partnership or to any other Partner to restore any negative balance in the Capital Commitment Capital Account of such Partner. Until distribution of any such Partner's interest in the Partnership with respect to a Capital Commitment Interest as a result of the disposition by the Partnership of the related Capital Commitment Investment and in whole upon the dissolution of the Partnership, neither such Partner's Capital Commitment Capital Accounts nor any part thereof shall be subject to withdrawal or redemption except with the consent of the General Partner.

Section 7.3. Allocations .

(a) Capital Commitment Net Income (Loss) of the Partnership for each Capital Commitment Investment shall be allocated to the related Capital Commitment Capital Accounts of all the Partners (including the General Partner) participating in such Capital Commitment Investment in proportion to their respective Capital Commitment Profit Sharing Percentages for such Capital Commitment Investment. Capital Commitment Net Income (Loss) on any Unallocated Capital Commitment Interest shall be allocated to each Partner in the proportion which such Partner's aggregate Capital Commitment Capital Accounts bear to the aggregate Capital Commitment Capital Accounts of all Partners; provided , that if any Partner makes the election provided for in Section 7.6, Capital Commitment Net Income (Loss) of the Partnership for each Capital Commitment Investment shall be allocated to the related Capital Commitment Capital Accounts of all the Partners participating in such Capital Commitment Investment who do not make such election in proportion to their respective Capital Commitment Profit Sharing Percentages for such Capital Commitment Investment.

(b) Any special costs relating to distributions pursuant to Section 7.6 or Section 7.7 shall be specially allocated to the electing Partner.

(c) Notwithstanding the foregoing, the General Partner may make such allocations as it deems reasonably necessary to give economic effect to the provisions of this Agreement, taking into account facts and circumstances as the General Partner deems reasonably necessary for this purpose.

Section 7.4. Distributions .

(a) Each Partner's allocable portion of Capital Commitment Net Income received from his or her Capital Commitment Investments, distributions to such Partner that constitute returns of capital, and other Capital Commitment Net Income of the Partnership (including, without limitation, Capital Commitment Net Income attributable to Unallocated Capital Commitment Interests) during a Fiscal Year of the Partnership will be credited to payment of the Investor Notes to the extent required below as of the last day of such Fiscal Year (or on such earlier date as related distributions are made in the sole discretion of the General Partner) with any cash amount distributable to such Partner pursuant to clauses (ii) and (vii) below to be distributed within 45 days after the end of each Fiscal Year of the Partnership (or in each case on such earlier date as selected by the General Partner in its sole discretion) as follows (subject to Section 7.4(c) below):

(i) First, to the payment of interest then due on all Investor Notes (relating to Capital Commitment Investments or otherwise) of such Partner (to the extent Capital Commitment Net Income and distributions or payments from Other Sources do not equal or exceed all interest payments due, the selection of those of such Partner's Investor Notes upon which interest is to be paid and the division of payments among such Investor Notes to be determined by the Lender or Guarantor);

(ii) Second, to distribution to the Partner of an amount equal to the U.S. federal, state and local income taxes on income of the Partnership allocated to such Partner for such year in respect of such Partner's Capital Commitment Partner Interest (the aggregate amount of any such distribution shall be determined by the General Partner, subject to the limitation that the minimum aggregate amount of such distribution be the tax that would be payable if the taxable income of the Partnership related to all Partners' Capital Commitment Partner Interests were all allocated to an individual subject to the then-prevailing maximum rate of U.S. federal, New York State and New York City taxes

(including, without limitation, taxes imposed under Section 1411 of the Code), taking into account the character of such taxable income allocated by the Partnership and the limitations on deductibility of expenses and other items for U.S. federal income tax purposes); provided, that additional amounts shall be paid to the Partner pursuant to this clause (ii) to the extent that such amount reduces the amount otherwise distributable to the Partner pursuant to a comparable provision in any other BE Agreement and there are not sufficient amounts to fully satisfy such provision from the relevant partnership or other entity; provided further, that amounts paid pursuant to the provisions in such other BE Agreements comparable to the immediately preceding proviso shall reduce those amounts otherwise distributable to the Partner pursuant to provisions in such other BE Agreements that are comparable to this clause (ii);

(iii) Third, to the payment in full of the principal amount of the Investor Note financing (A) any Capital Commitment Investment disposed of during or prior to such Fiscal Year or (B) any BE Investments (other than Capital Commitment Investments) disposed of during or prior to such Fiscal Year, to the extent not repaid from Other Sources;

(iv) Fourth, to the return to such Partner of (A) all Capital Commitment-Related Capital Contributions made in respect of the Capital Commitment Interest to which any Capital Commitment Investment disposed of during or prior to such Fiscal Year relates or (B) all capital contributions made to any Blackstone Entity (other than the Partnership) in respect of interests therein relating to BE Investments (other than Capital Commitment Investments) disposed of during or prior to such Fiscal Year (including all principal paid on the related Investor Notes), to the extent not repaid from amounts of Other Sources (other than amounts of Capital Commitment Partner Carried Interest);

(v) Fifth, to the payment of principal (including any previously deferred amounts) then owing under all other Investor Notes of such Partner (including those unrelated to the Partnership), the selection of those of such Partner's Investor Notes to be repaid and the division of payments among such Investor Notes to be determined by the Lender or Guarantor;

(vi) Sixth, up to 50% of any Capital Commitment Net Income remaining after application pursuant to clauses (i) through (v) above shall be applied pro rata to prepayment of principal of all remaining Investor Notes of such Partner (including those unrelated to the Partnership), the selection of those of such Partner's Investor Notes to be repaid, the division of payments among such Investor Notes and the percentage of remaining Capital Commitment Net Income to be applied thereto to be determined by the Lender or Guarantor; and

(vii) Seventh, to such Partner to the extent of any amount of Capital Commitment Net Income remaining after making the distributions in clauses (i) through (vi) above, and such amount is not otherwise required to be applied to Investor Notes pursuant to the terms thereof.

To the extent there is a partial disposition of a Capital Commitment Investment or any other BE Investment, as applicable, the payments in clauses (iii) and (iv) above shall be based on that portion of the Capital Commitment Investment or other BE Investment, as applicable, disposed of, and the principal amount and related interest payments of such Investor Note shall be adjusted to reflect such partial payment so that there are equal payments over the remaining term of the related Investor Note. For a Partner who is no longer an employee or officer of Blackstone Holdings III L.P. or its Affiliates, distributions shall be made pursuant to clauses (i) through (iii) above, and then, unless the Partnership or its Affiliate has exercised its rights pursuant to Section 8.1 hereof, any remaining income or other distribution in respect of such Partner's Capital Commitment Partner Interest shall be applied to the prepayment of the outstanding Investor Notes of such Partner, until all such Partner's Investor Notes have been repaid in full, with any such income or other distribution remaining thereafter distributed to such Partner.

Distributions of Capital Commitment Net Income may be made at any other time at the discretion of the General Partner. At the General Partner's discretion, any amounts distributed to a Partner in respect of such Partner's Capital Commitment Partner Interest will be net of any interest and principal payable on his or her Investor Notes for the full period in respect of which the distribution is made.

(b) [Intentionally omitted.]

(c) To the extent that the foregoing Partnership distributions and distributions and payments from Other Sources are insufficient to satisfy any principal and/or interest due on Investor Notes, and to the extent that the General Partner in its sole discretion elects to apply this paragraph (c) to any individual payments due, such unpaid interest will be added to the remaining principal amount of such Investor Notes and shall be payable on the next scheduled principal payment date (along with any deferred principal and any principal and interest due on such date); provided , that such deferral shall not apply to a Partner that is no longer an employee or officer of Blackstone Holdings III L.P. or an Affiliate thereof. All unpaid interest on such Investor Notes shall accrue interest at the interest rate then in effect for such Investor Notes.

(d) [Intentionally omitted.]

(e) The Capital Commitment Capital Account of each Partner shall be reduced by the amount of any distribution to such Partner pursuant to Section 7.4(a).

(f) At any time that a sale, exchange, transfer or other disposition of a portion of a Capital Commitment Investment is being considered by the Partnership or BTO III (a " Capital Commitment Disposable Investment "), at the election of the General Partner each Partner's Capital Commitment Interest with respect to such Capital Commitment Investment shall be vertically divided into two separate Capital Commitment Interests, a Capital Commitment Interest attributable to the Capital Commitment Disposable Investment (a Partner's " Capital Commitment Class B Interest "), and a Capital Commitment Interest attributable to such Capital Commitment Investment excluding the Capital Commitment Disposable Investment (a Partner's " Capital Commitment Class A Interest "). Distributions (including those resulting from a direct or indirect sale, transfer, exchange or other disposition by the Partnership) relating to a Capital Commitment Disposable Investment shall be made only to holders of Capital Commitment Class B Interests with respect to such Capital Commitment Investment in accordance with their respective Capital Commitment Profit Sharing Percentages relating to such Capital Commitment Class B Interests,

and distributions (including those resulting from the direct or indirect sale, transfer, exchange or other disposition by the Partnership) relating to a Capital Commitment Investment excluding such Capital Commitment Disposable Investment shall be made only to holders of Capital Commitment Class A Interests with respect to such Capital Commitment Investment in accordance with their respective Capital Commitment Profit Sharing Percentages relating to such Capital Commitment Class A Interests.

(g) (i) If (x) the Partnership is obligated under the Giveback Provisions to contribute a Giveback Amount to BTO III in respect of any Capital Commitment BTO III Interest that may be held by the Partnership or (y) Associates III is obligated under the Giveback Provisions to contribute to BTO III a Giveback Amount with respect to any Capital Commitment BTO III Interest that may be held by Associates III and the Partnership is obligated to contribute any such amount to Associates III in respect of the Partnership's Capital Commitment Associates III Partner Interest (the amount of any such obligation of the Partnership with respect to such a Giveback Amount in the case of either (x) or (y) being herein called a " Capital Commitment Giveback Amount "), the General Partner shall call for such amounts as are necessary to satisfy such obligation of the Partnership as determined by the General Partner, in which case, each Partner and Withdrawn Partner shall contribute to the Partnership, in cash, when and as called by the General Partner, such an amount of prior distributions by the Partnership with respect to the Capital Commitment BTO III Interest (the " Capital Commitment Recontribution Amount ") which equals such Partner's pro rata share of prior distributions in connection with (a) the Capital Commitment BTO III Investment giving rise to the Capital Commitment Giveback Amount, (b) if the amounts contributed pursuant to clause (a) above are insufficient to satisfy such Capital Commitment Giveback Amount, Capital Commitment BTO III Investments other than the one giving rise to such obligation, and (c) if the Capital Commitment Giveback Amount pursuant to an applicable BTO III Agreement is unrelated to a specific Capital Commitment BTO III Investment, all Capital Commitment BTO III Investments. Each Partner shall promptly contribute to the Partnership upon notice thereof such Partner's Capital Commitment Recontribution Amount. Prior to such time, the General Partner may, at the General Partner's discretion (but shall be under no obligation to), provide notice that in the General Partner's judgment, the potential obligations in respect of the Capital Commitment Giveback Amount will probably materialize (and an estimate of the aggregate amount of such obligations).

(ii) (A) In the event any Partner (a " Capital Commitment Defaulting Party ") fails to recontribute all or any portion of such Capital Commitment Defaulting Party's Capital Commitment Recontribution Amount for any reason, the General Partner shall require all other Partners and Withdrawn Partners to contribute, on a pro rata basis (based on each of their respective Capital Commitment Profit Sharing Percentages), such amounts as are necessary to fulfill the Capital Commitment Defaulting Party's obligation to pay such Capital Commitment Defaulting Party's Capital Commitment Recontribution Amount (a " Capital Commitment Deficiency Contribution ") if the General Partner determines in its good faith judgment that the Partnership will be unable to collect such amount in cash from such Capital Commitment Defaulting Party for payment of the Capital Commitment Giveback Amount at least 20 Business Days prior to the latest date that the Partnership is permitted to pay the Capital Commitment Giveback Amount; provided , that no Partner shall as a result of such Capital Commitment Deficiency Contribution be required to contribute an amount in excess of 150% of the amount of the Capital Commitment Recontribution Amount initially requested from such Partner in respect

of such default. Thereafter, the General Partner shall determine in its good faith judgment that the Partnership should either (1) not attempt to collect such amount in light of the costs associated therewith, the likelihood of recovery and any other factors considered relevant in the good faith judgment of the General Partner or (2) pursue any and all remedies (at law or equity) available to the Partnership against the Capital Commitment Defaulting Party, the cost of which shall be a Partnership expense to the extent not ultimately reimbursed by the Capital Commitment Defaulting Party. It is agreed that the Partnership shall have the right (effective upon such Capital Commitment Defaulting Party becoming a Capital Commitment Defaulting Party) to set-off as appropriate and apply against such Capital Commitment Defaulting Party's Capital Commitment Recontribution Amount any amounts otherwise payable to the Capital Commitment Defaulting Party by the Partnership or any Affiliate thereof. Each Partner hereby grants to the General Partner a security interest, effective upon such Partner becoming a Capital Commitment Defaulting Party, in all accounts receivable and other rights to receive payment from the Partnership or any Affiliate of the Partnership and agrees that, upon the effectiveness of such security interest, the General Partner may sell, collect or otherwise realize upon such collateral. In furtherance of the foregoing, each Partner hereby appoints the General Partner as its true and lawful attorney-in-fact with full irrevocable power and authority, in the name of such Partner or in the name of the Partnership, to take any actions which may be necessary to accomplish the intent of the immediately preceding sentence. The General Partner shall be entitled to collect interest on the Capital Commitment Recontribution Amount of a Capital Commitment Defaulting Party from the date such Capital Commitment Recontribution Amount was required to be contributed to the Partnership at a rate equal to the Default Interest Rate.

(B) Any Partner's failure to make a Capital Commitment Deficiency Contribution shall cause such Partner to be a Capital Commitment Defaulting Party with respect to such amount.

(iii) A Partner's obligation to make contributions to the Partnership under this Section 7.4(g) shall survive the termination of the Partnership.

Section 7.5. Valuations . Capital Commitment Investments shall be valued annually as of the end of each year (and at such other times as deemed appropriate by the General Partner) in accordance with the principles utilized by Associates III (or any other Affiliate of the Partnership that is a general partner of BTO III) in valuing investments of BTO III or, in the case of investments not held by BTO III, in the good faith judgment of the General Partner, subject in each case to the second proviso of the immediately succeeding sentence. The value of any Capital Commitment Interest as of any date (the " Capital Commitment Value ") shall be based on the value of the underlying Capital Commitment Investment as set forth above; provided , that the Capital Commitment Value may be determined as of an earlier date if determined appropriate by the General Partner in good faith; provided further , that such value may be adjusted by the General Partner to take into account factors relating solely to the value of a Capital Commitment Interest (as compared to the value of the underlying Capital Commitment Investment), such as restrictions on transferability, the lack of a market for such Capital Commitment Interest and lack of control of the underlying Capital Commitment Investment. To the full extent permitted by applicable law such valuations shall be final and binding on all Partners; provided further , that the immediately preceding proviso shall not apply to any Capital Commitment Interests held by a person who is or was at any time a direct partner of a General Partner of the Partnership.

Section 7.6. Disposition Election .

(a) At any time prior to the date of the Partnership's execution of a definitive agreement to dispose of a Capital Commitment Investment, the General Partner may in its sole discretion permit a Partner to retain all or any portion of its *pro rata* share of such Capital Commitment Investment (as measured by such Partner's Capital Commitment Profit Sharing Percentage in such Capital Commitment Investment). If the General Partner so permits, such Partner shall instruct the General Partner in writing prior to such date (i) not to dispose of all or any portion of such Partner's pro rata share of such Capital Commitment Investment (the " Retained Portion ") and (ii) either to (A) distribute such Retained Portion to such Partner on the closing date of such disposition or (B) retain such Retained Portion in the Partnership on behalf of such Partner until such time as such Partner shall instruct the General Partner upon 5 days notice to distribute such Retained Portion to such Partner. Such Partner's Capital Commitment Capital Account shall not be adjusted in any way to reflect the retention in the Partnership of such Retained Portion or the Partnership's disposition of other Partners' *pro rata* shares of such Capital Commitment Investment; provided, that such Partner's Capital Commitment Capital Account shall be adjusted upon distribution of such Retained Portion to such Partner or upon distribution of proceeds with respect to a subsequent disposition thereof by the Partnership.

(b) No distribution of such Retained Portion shall occur unless any Investor Notes relating thereto shall have been paid in full prior to or simultaneously with such distribution.

Section 7.7. Capital Commitment Special Distribution Election .

(a) From time to time during the term of this Agreement, the General Partner may in its sole discretion, upon receipt of a written request from a Partner, distribute to such Partner any portion of its pro rata share of a Capital Commitment Investment (as measured by such Partner's Capital Commitment Profit Sharing Percentage in such Capital Commitment Investment) (a " Capital Commitment Special Distribution "). Such Partner's Capital Commitment Capital Account shall be adjusted upon distribution of such Capital Commitment Special Distribution.

(b) No Capital Commitment Special Distributions shall occur unless any Investor Notes relating thereto shall have been paid in full prior to or simultaneously with such Capital Commitment Special Distribution.

ARTICLE VIII

WITHDRAWAL, ADMISSION OF NEW PARTNERS

Section 8.1. Partner Withdrawal; Repurchase of Capital Commitment Interests .

(a) Capital Commitment Interests (or a portion thereof) that were financed by Investor Notes will be treated as Non-Contingent for purposes hereof based upon the proportion of (a) the sum of Capital Commitment-Related Capital Contributions not financed by an Investor Note with respect to each Capital Commitment Interest and principal payments on the related Investor Note to (b) the sum of the Capital Commitment-Related Capital Contributions not financed by an Investor Note with respect to such Capital Commitment Interest, the original principal amount of such Investor Note and all deferred amounts of interest which from time to

time comprise part of the principal amount of the Investor Note. A Partner may prepay a portion of any outstanding principal on the Investor Notes; provided , that in the event that a Partner prepays all or any portion of the principal amount of the Investor Notes within nine months prior to the date on which such Partner is no longer an employee or officer of Blackstone Holdings III L.P. or an Affiliate thereof, the Partnership (or its designee) shall have the right, in its sole discretion, to purchase the Capital Commitment Interest that became Non-Contingent as a result of such prepayment; provided further , that the purchase price for such Capital Commitment Interest shall be determined in accordance with the determination of the purchase price of a Partner's Contingent Capital Commitment Interests as set forth in paragraph (b) below. Prepayments made by a Partner shall apply *pro rata* against all of such Partner's Investor Notes; provided , that such Partner may request that such prepayments be applied only to Investor Notes related to BE Investments that are related to one or more Blackstone Entities specified by such Partner. Except as expressly provided herein, Capital Commitment Interests that were not financed in any respect with Investor Notes shall be treated as Non-Contingent Capital Commitment Interests.

(b) (i) Upon a Partner ceasing to be an officer or employee of the Partnership or any of its Affiliates, other than as a result of such Partner dying or suffering a Total Disability, such Partner (the " Withdrawn Partner ") and the Partnership or any other person designated by the General Partner shall each have the right (exercisable by the Withdrawn Partner within 30 days and by the Partnership or its designee(s) within 45 days after such Partner's ceasing to be such an officer or employee) or any time thereafter, upon 30 days' notice, but not the obligation, to require the Partnership (subject to the prior consent of the General Partner, such consent not to be unreasonably withheld or delayed), subject to the Partnership Act, to buy (in the case of exercise of such right by such Withdrawn Partner) or the Withdrawn Partner to sell (in the case of exercise of such right by the Partnership or its designee(s)) all (but not less than all) such Withdrawn Partner's Contingent Capital Commitment Interests.

(ii) The purchase price for each such Contingent Capital Commitment Interest shall be an amount equal to (A) the outstanding principal amount of the related Investor Note plus accrued interest thereon to the date of purchase (such portion of the purchase price to be paid in cash) and (B) an additional amount (the " Adjustment Amount ") equal to (x) all interest paid by the Partner on the portion of the principal amount of such Investor Note(s) relating to the portion of the related Capital Commitment Interest remaining Contingent and to be repurchased plus (y) all Capital Commitment Net Losses allocated to the Withdrawn Partner on such Contingent portion of such Capital Commitment Interest, minus (z) all Capital Commitment Net Income allocated to the Withdrawn Partner on the Contingent portion of such Capital Commitment Interest; provided , that, if the Withdrawn Partner was terminated from employment or his or her position as an officer for Cause, all amounts referred to in clause (x) or (y) of the Adjustment Amount, in the General Partner's sole discretion, may be deemed to equal zero. The Adjustment Amount shall, if positive, be payable by the holders of the purchased Capital Commitment Interests to the Withdrawn Partner from the next Capital Commitment Net Income received by such holders on the Contingent portion of such Withdrawn Partner's Capital Commitment Interests at the time such Capital Commitment Net Income is received. If the Adjustment Amount is negative, it shall be payable to the holders of the purchased Capital Commitment Interest by the Withdrawn Partner (A) from the next Capital Commitment Net Income on the Non-Contingent portion of the Withdrawn Partner's Capital Commitment Interests at the time such Capital Commitment Net Income is received by the

Withdrawn Partner, or (B) if the Partnership or its designee(s) elect to purchase such Withdrawn Partner's Non-Contingent Capital Commitment Interests, in cash by the Withdrawn Partner at the time of such purchase; provided , that the Partnership and its Affiliates may offset any amounts otherwise owing to a Withdrawn Partner against any Adjustment Amount owed by such Withdrawn Partner. Until so paid, such remaining Adjustment Amount will not itself bear interest. At the time of such purchase of the Withdrawn Partner's Contingent Capital Commitment Interests, his or her related Investor Note shall be payable in full.

(iii) Upon such Partner ceasing to be such an officer or employee, all Investor Notes shall become fully recourse to the Withdrawn Partner in his or her individual capacity (whether or not the Withdrawn Partner or the Partnership or its designee(s) exercises the right to require repurchase of the Withdrawn Partner's Contingent Capital Commitment Interests).

If neither the Withdrawn Partner nor the Partnership nor its designee(s) exercises the right to require repurchase of such Contingent Capital Commitment Interests, then the Withdrawn Partner shall retain the Contingent portion of his or her Capital Commitment Interests and the Investor Notes shall remain outstanding, shall become fully recourse to the Withdrawn Partner in his or her individual capacity, shall be payable in accordance with their remaining original maturity schedules and shall be prepayable at any time by the Withdrawn Partner at his or her option, and the Partnership shall apply such prepayments against outstanding Investor Notes on a *pro rata* basis. To the extent that another Partner purchases a portion of a Capital Commitment Interest of a Withdrawn Partner, the purchasing Partner's Capital Commitment Capital Account and Capital Commitment Profit Sharing Percentage for such Capital Commitment Investment shall be correspondingly increased.

(c) Upon the occurrence of a Final Event with respect to any Partner, such Partner shall thereupon cease to be a Partner with respect to such Partner's Capital Commitment Partner Interest. If such a Final Event shall occur, no Successor in Interest to any such Partner shall for any purpose hereof become or be deemed to become a Partner. The sole right, as against the Partnership and the remaining Partners, acquired hereunder by, or resulting hereunder to, a Successor in Interest to any Partner shall be to receive any distributions and allocations with respect to such Partner's Capital Commitment Partner Interest pursuant to Article VII and this Article VIII (subject to the right of the Partnership to purchase the Capital Commitment Interests of such former Partner pursuant to Section 8.1(b) or Section 8.1(d)), to the extent, at the time, in the manner and in the amount otherwise payable to such Partner had such a Final Event not occurred, and no other right shall be acquired hereunder by, or shall result hereunder to, a Successor in Interest to such Partner, whether by operation of law or otherwise and the Partnership shall be entitled to treat any Successor in Interest to such Partner as the only person entitled to receive distributions and allocations hereunder. Until distribution of any such Partner's interest in the Partnership upon the dissolution of the Partnership as provided in Section 9.2, neither his or her Capital Commitment Capital Accounts nor any part thereof shall be subject to withdrawal or redemption without the consent of the General Partner. The General Partner shall be entitled to treat any Successor in Interest to such Partner as the only person entitled to receive distributions and allocations hereunder with respect to such Partner's Capital Commitment Partner Interest.

(d) If a Partner dies or suffers a Total Disability, all Contingent Capital Commitment Interests of such Partner shall be purchased by the Partnership or its designee (within 30 days of the first date on which the Partnership knows or has reason to know of such Partner's death or Total Disability) (and the purchase price for such Contingent Capital Commitment Interests shall be determined in accordance with Section 8.1(b) (except that any Adjustment Amount shall be payable by or to such Partner's estate, personal representative or other Successor in Interest, in cash)) and any Investor Notes financing such Contingent Capital Commitment Interests shall thereupon be prepaid as provided in Section 8.1(b). Upon such Partner's death or Total Disability, any Investor Note(s) financing such Contingent Capital Commitment Interests shall become fully recourse. In addition, in the case of the death or Total Disability of a Partner, if the estate, personal representative or other Successor in Interest of such Partner so requests in writing within 180 days after the Partner's death or ceasing to be an employee or member (directly or indirectly) of the Partnership or any of its Affiliates by reason of Total Disability (such requests shall not exceed one per calendar year), the Partnership or its designee may but is not obligated to purchase for cash all (but not less than all) Non-Contingent Capital Commitment Interests of such Partner as of the last day of the Partnership's then current Fiscal Year at a price equal to the Capital Commitment Value thereof as of the most recent valuation prior to the date of purchase. Each Partner shall be required to include appropriate provisions in his or her will to reflect such provisions of this Agreement. In addition, the Partnership may, in the sole discretion of the General Partner, upon notice to the estate, personal representative or other Successor in Interest of such Partner, within 30 days of the first date on which the General Partner knows or has reason to know of such Partner's death or Total Disability, determine either (i) to distribute Securities or other property to the estate, personal representative or other Successor in Interest in exchange for such Non-Contingent Capital Commitment Interests as provided in Section 8.1(e) or (ii) to require sale of such Non-Contingent Capital Commitment Interests to the Partnership or its designee as of the last day of any Fiscal Year of the Partnership (or earlier period, as determined by the General Partner in its sole discretion) for an amount in cash equal to the Capital Commitment Value thereof.

(e) In lieu of retaining a Withdrawn Partner as a Partner with respect to any Non-Contingent Capital Commitment Interests, the General Partner may, in its sole discretion, by notice to such Withdrawn Partner within 45 days of his or her ceasing to be an employee or officer of the Partnership or any of its Affiliates, or at any time thereafter, upon 30 days written notice, determine (1) to distribute to such Withdrawn Partner the pro rata portion of the Securities or other property underlying such Withdrawn Partner's Non-Contingent Capital Commitment Interests, subject to any restrictions on distributions associated with the Securities or other property, in satisfaction of his or her Non-Contingent Capital Commitment Interests in the Partnership or (2) to cause, as of the last day of any Fiscal Year of the Partnership (or earlier period, as determined by the General Partner in its sole discretion), the Partnership or another person designated by the General Partner (who may be itself another Partner or another Affiliate of the Partnership) to purchase all (but not less than all) of such Withdrawn Partner's Non-Contingent Capital Commitment Interests for a price equal to the Capital Commitment Value thereof (determined in good faith by the General Partner as of the most recent valuation prior to the date of purchase). The General Partner shall condition any distribution or purchase of voting Securities pursuant to paragraph (d) above or this paragraph (e) upon the Withdrawn Partner's execution and delivery to the Partnership of an appropriate irrevocable proxy, in favor of the General Partner or its nominee, relating to such Securities.

(f) The Partnership may subsequently transfer any Unallocated Capital Commitment Interest or portion thereof which is purchased by it as described above to any other person approved by the General Partner. In connection with such purchase or transfer or the purchase of a Capital Commitment Interest or portion thereof by the General Partner's designee(s), Blackstone Holdings III L.P. may loan all or a portion of the purchase price of the transferred or purchased Capital Commitment Interest to the Partnership, the transferee or the designee-purchaser(s), as applicable (excluding any of the foregoing who is an executive officer of The Blackstone Group L.P. or any Affiliate thereof). To the extent that a Withdrawn Partner's Capital Commitment Interests (or portions thereof) are repurchased by the Partnership and not transferred to or purchased by another person, all or any portion of such repurchased Capital Commitment Interests may, in the sole discretion of the General Partner, (i) be allocated to each Partner already participating in the Capital Commitment Investment to which the repurchased Capital Commitment Interest relates, (ii) be allocated to each Partner in the Partnership, whether or not already participating in such Capital Commitment Investment, and/or (iii) continue to be held by the Partnership itself as an unallocated Capital Commitment Investment (such Capital Commitment Interests being herein called " Unallocated Capital Commitment Interests "). To the extent that a Capital Commitment Interest is allocated to Partners as provided in clause (i) and/or (ii) above, any indebtedness incurred by the Partnership to finance such repurchase shall also be allocated to such Partners. All such Capital Commitment Interests allocated to Partners shall be deemed to be Contingent and shall become Non-Contingent as and to the extent that the principal amount of such related indebtedness is repaid. The Partners receiving such allocations shall be responsible for such related indebtedness only on a nonrecourse basis to the extent appropriate as provided in this Agreement, except as otherwise provided in this Section 8.1 and except as such Partners and the General Partner shall otherwise agree; provided that such indebtedness shall become fully recourse to the extent and at the time provided in this Section 8.1. If the indebtedness financing such repurchased interests is not to be non-recourse or so limited, the Partnership may require an assumption by the Partners of such indebtedness on the terms thereof as a precondition to allocation of the related Capital Commitment Interests to such Partners; provided , that a Partner shall not, except as set forth in his or her Investor Note(s), be obligated to accept any obligation that is personally recourse (except as provided in this Section 8.1) unless his or her prior consent is obtained. So long as the Partnership itself retains the Unallocated Capital Commitment Interests pursuant to clause (iii) above, such Unallocated Capital Commitment Interests shall belong to the Partnership and any indebtedness financing the Unallocated Capital Commitment Interests shall be an obligation of the Partnership to which all income of the Partnership is subject except as otherwise agreed by the lender of such indebtedness. Any Capital Commitment Net Income (Loss) on an Unallocated Capital Commitment Interest shall be allocated to each Partner in the proportion his or her aggregate Capital Commitment Capital Accounts bear to the aggregate Capital Commitment Capital Accounts of all Partners; debt service on such related financing will be an expense of the Partnership allocable to all Partners in such proportions.

(g) If a Partner is required to Withdraw from the Partnership with respect to such Partner's Capital Commitment Partner Interest for Cause, then his or her Capital Commitment Interest shall be settled in accordance with paragraphs (a)-(f) and (j) of this Section 8.1; provided , that if such Partner was not at any time a direct partner of a General Partner of the Partnership, the General Partner may elect (but shall not be required) to apply any or all the following terms and conditions to such settlement:

(i) purchase for cash all of such Withdrawn Partner's Non-Contingent Capital Commitment Interests. The purchase price for each such Non-Contingent Capital Commitment Interest shall be the lower of (A) the original cost of such Non-Contingent Capital Commitment Interest or (B) an amount equal to the Capital Commitment Value thereof (determined as of the most recent valuation prior to the date of the purchase of such Non-Contingent Capital Commitment Interest);

(ii) allow the Withdrawn Partner to retain such Non-Contingent Capital Commitment Interests; provided , that the maximum amount of Capital Commitment Net Income allocable to such Withdrawn Partner with respect to any Capital Commitment Investment shall equal the amount of Capital Commitment Net Income that would have been allocated to such Withdrawn Partner if such Capital Commitment Investment had been sold as of the Settlement Date at the then prevailing Capital Commitment Value thereof; or

(iii) in lieu of cash, purchase such Non-Contingent Capital Commitment Interests by providing the Withdrawn Partner with a promissory note in the amount determined in (i) above. Such promissory note shall have a maximum term of ten (10) years with interest at the Federal Funds Rate.

(h) The Partnership will assist a Withdrawn Partner or his or her estate or guardian, as the case may be, in the settlement of the Withdrawn Partner's Capital Commitment Partner Interest in the Partnership. Third party costs incurred by the Partnership in providing this assistance will be borne by the Withdrawn Partner or his or her estate.

(i) The General Partner may reasonably determine in good faith to retain outside professionals to provide the assistance to Withdrawn Partners or their estates or guardians, as referred to above. In such instances, the General Partner will obtain the prior approval of a Withdrawn Partner or his or her estate or guardian, as the case may be, prior to engaging such professionals. If the Withdrawn Partner (or his or her estate or guardian) declines to incur such costs, the General Partner will provide such reasonable assistance as and when it can so as not to interfere with the Partnership's day-to-day operating, financial, tax and other related responsibilities to the Partnership and the Partners.

(j) Each Partner hereby irrevocably appoints the General Partner as such Partner's true and lawful agent, representative and attorney-in-fact, each acting alone, in such Partner's name, place and stead, to make, execute, sign and file, on behalf of such Partner, any and all agreements, instruments, consents, ratifications, documents and certificates which such General Partner deems necessary or advisable in connection with any transaction or matter contemplated by or provided for in this Section 8.1, including, without limitation, the performance of any obligation of such Partner or the Partnership or the exercise of any right of such Partner or the Partnership. Such power of attorney is coupled with an interest and shall survive and continue in full force and effect notwithstanding the Withdrawal from the Partnership of any Partner for any reason and shall not be affected by the death, disability or incapacity of such Partner.

Section 8.2. Transfer of Partner ' s Capital Commitment Interest . Except as otherwise agreed by the General Partner, no Partner or former Partner shall have the right to sell, assign, mortgage, pledge, grant a security interest over, or otherwise dispose of or transfer (" Transfer ") all or part of any such Partner's Capital Commitment Partner Interest in the Partnership; provided , that this Section 8.2 shall in no way impair (i) Transfers as permitted in Section 8.1 above, in the case of the purchase of a Withdrawn Partner's or Deceased or Totally Disabled Partner's Capital Commitment Interests, (ii) with the prior written consent of the General Partner, which shall not be unreasonably withheld, Transfers by a Partner to another Partner of Non-Contingent Capital Commitment Interests, (iii) Transfers with the prior written consent of the General Partner (which consent may be granted or withheld in its sole discretion without giving any reason therefor) and (iv) with the prior written consent of the General Partner, which shall not be unreasonably withheld, Transfers of up to 25% of a Limited Partner's Capital Commitment Partner Interest to an Estate Planning Vehicle (it being understood that it shall not be unreasonable for the General Partner to condition any Transfer of an Interest pursuant to this clause (iv) on the satisfaction of certain conditions and/or requirements imposed by the General Partner in connection with any such Transfer, including, for example, a requirement that any transferee of an Interest hold such Interest as a passive, non-voting interest in the Partnership). The General Partner shall designate that each Estate Planning Vehicle shall not have voting rights (any such Partner being called a " Nonvoting Partner "). Such Partner shall be jointly and severally liable for all obligations of both such Partner and such Nonvoting Partner with respect to the interest transferred (including the obligation to make additional Capital Commitment-Related Capital Contributions). The General Partner may at its sole option exercisable at any time require such Estate Planning Vehicle to Withdraw from the Partnership on the terms of Section 8.1 and Article VI. No person acquiring an interest in the Partnership pursuant to this Section 8.2 shall become a Partner of the Partnership, or acquire such Partner's right to participate in the affairs of the Partnership, unless such person shall be admitted as a Partner pursuant to Section 6.1. A Partner shall not cease to be a Partner of the Partnership upon the collateral assignment of, or the pledging or granting of a security interest in, its entire Interest in the Partnership in accordance with the provisions of this Agreement.

Section 8.3. Compliance with Law . Notwithstanding any provision hereof to the contrary, no sale or Transfer of a Capital Commitment Interest in the Partnership may be made except in compliance with all U.S. federal, state and other applicable laws, including U.S. federal and state securities laws.

ARTICLE IX

DISSOLUTION

Section 9.1. Dissolution . The Partnership shall be dissolved and subsequently terminated:

(a) pursuant to Section 6.6; or

(b) upon the expiration of the term of the Partnership.

Section 9.2. Final Distribution . Upon the dissolution of the Partnership, and following the payment of creditors of the Partnership and the making of provisions for the payment of any contingent, conditional or unmatured claims known to the Partnership as required under the Partnership Act:

(a) The Partners' respective interests in the Partnership shall be valued and settled in accordance with the procedures set forth in Section 6.5 which provide for allocations to the GP-Related Capital Accounts of the Partners and distributions in accordance with the GP-Related Capital Account balances of the Partners; and

(b) With respect to each Partner's Capital Commitment Partner Interest, an amount shall be paid to such Partner in cash or Securities in an amount equal to such Partner's respective Capital Commitment Liquidating Share for each Capital Commitment Investment; provided , that if the remaining assets relating to any Capital Commitment Investment shall not be equal to or exceed the aggregate Capital Commitment Liquidating Shares for such Capital Commitment Investment, to each Partner in proportion to its Capital Commitment Liquidating Share for such Capital Commitment Investment; and the remaining assets of the Partnership related to the Partners' Capital Commitment Partner Interests shall be paid to the Partners in cash or Securities in proportion to their respective Capital Commitment Profit Sharing Percentages for each Capital Commitment Investment from which such cash or Securities are derived.

The General Partner shall be the liquidator. In the event that the General Partner is unable to serve as liquidator, a liquidating trustee shall be chosen by the affirmative vote of a Majority in Interest of the Partners voting at a meeting of Partners (excluding Nonvoting Special Partners).

Section 9.3. Amounts Reserved Related to Capital Commitment Partner Interests .

(a) If there are any Securities or other property or other investments or securities related to the Partners' Capital Commitment Partner Interests which, in the judgment of the liquidator, cannot be sold, or properly distributed in kind in the case of dissolution, without sacrificing a significant portion of the value thereof, the value of a Partner's interest in each such Security or other investment or security may be excluded from the amount distributed to the Partners participating in the related Capital Commitment Investment pursuant to Section 9.2(b). Any interest of a Partner, including his or her *pro rata* interest in any gains, losses or distributions, in Securities or other property or other investments or securities so excluded shall not be paid or distributed until such time as the liquidator shall determine.

(b) If there is any pending transaction, contingent liability or claim by or against the Partnership related to the Partners' Capital Commitment Partner Interests as to which the interest or obligation of any Partner therein cannot, in the judgment of the liquidator, be then ascertained, the value thereof or probable loss therefrom may be deducted from the amount distributable to such Partner pursuant to Section 9.2(b). No amount shall be paid or charged to any such Partner on account of any such transaction or claim until its final settlement or such earlier time as the liquidator shall determine. The Partnership may meanwhile retain from other sums due such Partner in respect of such Partner's Capital Commitment Partner Interest an amount which the liquidator estimates to be sufficient to cover the share of such Partner in any probable loss or liability on account of such transaction or claim.

(c) Upon determination by the liquidator that circumstances no longer require the exclusion of any Securities or other property or retention of sums as provided in paragraphs (a) and (b) of this Section 9.3, the liquidator shall, at the earliest practicable time, distribute as provided in Section 9.2(b) such sums or such Securities or other property or the proceeds realized from the sale of such Securities or other property to each Partner from whom such sums or Securities or other property were withheld.

ARTICLE X

MISCELLANEOUS

Section 10.1. Submission to Jurisdiction; Waiver of Jury Trial .

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision, as well as any and all disputes arising out of, relating to or in connection with the termination, liquidation or winding up of the Partnership), whether arising during the existence of the Partnership or at or after its termination or during or after the liquidation or winding up of the Partnership, shall be finally settled by arbitration conducted by a single arbitrator in New York, New York U.S.A., in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within 30 days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the General Partner may bring, or may cause the Partnership to bring, on behalf of the General Partner or the Partnership or on behalf of one or more Partners, an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Partner (i) expressly consents to the application of paragraph (c) of this Section 10.1 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the General Partner as such Partner’s agent for service of process in connection with any such action or proceeding and agrees that service of process upon any such agent, who shall promptly advise such Partner of any such service of process, shall be deemed in every respect effective service of process upon the Partner in any such action or proceeding.

(c) (i) EACH PARTNER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 10.1, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the forum(s) designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties’ relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in paragraph (c)(i) of this Section 10.1 and such parties agree not to plead or claim the same.

(d) Notwithstanding any provision of this Agreement to the contrary, this Section 10.1 shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Delaware Uniform Arbitration Act (10 Del. C. § 5701 et seq .) (the " Delaware Arbitration Act "). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 10.1, including any rules of the International Chamber of Commerce, shall be invalid or unenforceable under the Delaware Arbitration Act, or other applicable law, such invalidity shall not invalidate all of this Section 10.1. In that case, this Section 10.1 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 10.1 shall be construed to omit such invalid or unenforceable provision.

Section 10.2. Ownership and Use of the Blackstone Name . The Partnership acknowledges that Blackstone TM L.L.C. (" TM "), a Delaware limited liability company with a principal place of business at 345 Park Avenue, New York, New York 10154 U.S.A., (or its successors or assigns) is the sole and exclusive owner of the mark and name BLACKSTONE and that the ownership of, and the right to use, sell or otherwise dispose of, the firm name or any abbreviation or modification thereof which consists of or includes BLACKSTONE, shall belong exclusively to TM, which company (or its predecessors, successors or assigns) has licensed the Partnership to use BLACKSTONE in its name. The Partnership acknowledges that TM owns the service mark BLACKSTONE for various services and that the Partnership is using the BLACKSTONE mark and name on a non-exclusive, non-sublicensable and non-assignable basis in connection with its business and authorized activities with the permission of TM. All services rendered by the Partnership under the BLACKSTONE mark and name will be rendered in a manner and with quality levels that are consistent with the high reputation heretofore developed for the BLACKSTONE mark by TM and its Affiliates and licensees. The Partnership understands that TM may terminate its right to use BLACKSTONE at any time in TM's sole discretion by giving the Partnership written notice of termination. Promptly following any such termination, the Partnership will take all steps necessary to change its company name to one which does not include BLACKSTONE or any confusingly similar term and cease all use of BLACKSTONE or any term confusingly similar thereto as a service mark or otherwise.

Section 10.3. Written Consent . Any action required or permitted to be taken by a vote of Partners at a meeting may be taken without a meeting if a Majority in Interest of the Partners consent thereto in writing.

Section 10.4. Letter Agreements; Schedules . The General Partner may, or may cause the Partnership to, enter or has previously entered into separate letter agreements with individual Partners, officers or employees with respect to GP-Related Profit Sharing Percentages, Capital Commitment Profit Sharing Percentages, benefits or any other matter. The General Partner may from time to time execute and deliver to the Partners schedules which set forth the then current capital balances, GP-Related Profit Sharing Percentages and Capital Commitment Profit Sharing Percentages of the Partners and any other matters deemed appropriate by the General Partner. Such schedules shall be for information purposes only and shall not be deemed to be part of this Agreement for any purpose whatsoever; provided , that this in no way limits the effectiveness of any Commitment Agreement or SMD Agreement.

Section 10.5. Governing Law; Separability of Provisions . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law. In particular, the Partnership has been formed pursuant to the Partnership Act, and the rights and liabilities of the Partners shall be as provided therein, except as herein otherwise expressly provided. If any provision of this Agreement shall be held to be invalid, such provision shall be given its meaning to the maximum extent permitted by law and the remainder of this Agreement shall not be affected thereby.

Section 10.6. Successors and Assigns; Third Party Beneficiaries . This Agreement shall be binding upon and shall, subject to the penultimate sentence of Section 6.3(a), inure to the benefit of the parties hereto, their respective heirs and personal representatives, and any successor to a trustee of a trust which is or becomes a party hereto; provided , that no person claiming by, through or under a Partner (whether such Partner's heir, personal representative or otherwise), as distinct from such Partner itself, shall have any rights as, or in respect to, a Partner (including the right to approve or vote on any matter or to notice thereof) except the right to receive only those distributions expressly payable to such person pursuant to Article VI and Article VIII. Any Partner or Withdrawn Partner shall remain liable for the obligations under this Agreement (including any Net GP-Related Recontribution Amounts and any Capital Commitment Recontribution Amounts) of any transferee of all or any portion of such Partner's or Withdrawn Partner's interest in the Partnership, unless waived by the General Partner. The Partnership shall, if the General Partner determines in its good faith judgment, based on the standards set forth in Section 5.8(d)(ii)(A) and Section 7.4(g)(ii)(A), to pursue such transferee, pursue payment (including any Net GP-Related Recontribution Amounts and/or Capital Commitment Recontribution Amounts) from the transferee with respect to any such obligations. Nothing in this Agreement is intended, nor shall anything herein be construed, to confer any rights, legal or equitable, on any person other than the Partners and their respective legal representatives, heirs, successors and permitted assigns.

Section 10.7. Confidentiality . (a) By executing this Agreement, each Partner expressly agrees, at all times during the term of the Partnership and thereafter and whether or not at the time a Partner of the Partnership, to maintain the confidentiality of, and not to disclose to any person other than the Partnership, another Partner or a person designated by the Partnership, any information relating to the business, financial structure, financial position or financial results, clients or affairs of the Partnership that shall not be generally known to the public or the securities industry, except as otherwise required by law or by any regulatory or self-regulatory organization having jurisdiction; provided , that any corporate Partner may disclose any such information it is required by law, rule, regulation or custom to disclose. Notwithstanding anything in this

Agreement to the contrary, to comply with Treasury Regulations Section 1.6011-4(b)(3)(i), each Partner (and any employee, representative or other agent of such Partner) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the Partnership, it being understood and agreed, for this purpose, (1) the name of, or any other identifying information regarding (a) the Partners or any existing or future investor (or any Affiliate thereof) in any of the Partners, or (b) any investment or transaction entered into by the Partners; (2) any performance information relating to any of the Partners or their investments; and (3) any performance or other information relating to previous funds or investments sponsored by any of the Partners, does not constitute such tax treatment or tax structure information.

(b) Nothing in this Agreement shall prohibit or impede any Partner from communicating, cooperating or filing a complaint on possible violations of U.S. federal, state or local law or regulation to or with any governmental agency or regulatory authority (collectively, a "Governmental Entity"), including, but not limited to, the SEC, FINRA, EEOC or NLRB, or from making other disclosures to any Governmental Entity that are protected under the whistleblower provisions of U.S. federal, state or local law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. Each Partner understands and acknowledges that (a) an individual shall not be held criminally or civilly liable under any U.S. federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a U.S. federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Moreover, a Partner shall not be required to give prior notice to (or get prior authorization from) Blackstone regarding any such communication or disclosure. Except as otherwise provided in this paragraph or under applicable law, under no circumstance is any Partner authorized to disclose any information covered by Blackstone or its affiliates' attorney-client privilege or attorney work product or Blackstone's trade secrets without the prior written consent of Blackstone.

Section 10.8. Notices. Whenever notice is required or permitted by this Agreement to be given, such notice shall be in writing (including telecopy or similar writing) and shall be given by hand delivery (including any courier service) or telecopy to any Partner at its address or telecopy number shown in the Partnership's books and records or, if given to the General Partner, at the address or telecopy number of the Partnership in New York City. Each such notice shall be effective (i) if given by telecopy, upon dispatch, and (ii) if given by hand delivery, when delivered to the address of such Partner, the General Partner or the Partnership specified as aforesaid.

Section 10.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute a single instrument.

Section 10.10. Power of Attorney . Each Partner hereby irrevocably appoints the General Partner as such Partner's true and lawful representative and attorney-in-fact, each acting alone, in such Partner's name, place and stead, to make, execute, sign and file all instruments, documents and certificates which, from time to time, may be required to set forth any amendment to this Agreement or may be required by this Agreement or by the laws of the United States of America, the State of Delaware or any other state in which the Partnership shall determine to do business, or any political subdivision or agency thereof, to execute, implement and continue the valid and subsisting existence of the Partnership. Such power of attorney is coupled with an interest and shall survive and continue in full force and effect notwithstanding the subsequent Withdrawal from the Partnership of any Partner for any reason and shall not be affected by the subsequent disability or incapacity of such Partner.

Section 10.11. Partner ' s Will . Each Partner and Withdrawn Partner shall include in his or her will a provision that addresses certain matters in respect of his or her obligations relating to the Partnership that is satisfactory to the General Partner and each such Partner and Withdrawn Partner shall confirm annually to the Partnership, in writing, that such provision remains in his or her current will. Where applicable, any estate planning trust of such Partner or Withdrawn Partner to which a portion of such Partner's or Withdrawn Partner's Interest is transferred shall include a provision substantially similar to such provision and the trustee of such trust shall confirm annually to the Partnership, in writing, that such provision or its substantial equivalent remains in such trust. In the event any Partner or Withdrawn Partner fails to comply with the provisions of this Section 10.11 after the Partnership has notified such Partner or Withdrawn Partner of his or her failure to so comply and such failure to so comply is not cured within 30 days of such notice, the Partnership may withhold any and all distributions to such Partner until the time at which such party complies with the requirements of this Section 10.11.

Section 10.12. Cumulative Remedies . Rights and remedies under this Agreement are cumulative and do not preclude use of other rights and remedies available under applicable law.

Section 10.13. Legal Fees . Except as more specifically provided herein, in the event of a legal dispute (including litigation, arbitration or mediation) between any Partner or Withdrawn Partner and the Partnership, arising in connection with any party seeking to enforce Section 4.1(d) or any other provision of this Agreement relating to the Holdback, the Clawback Amount, the GP-Related Giveback Amount, the Capital Commitment Giveback Amount, the Net GP-Related Recontribution Amount or the Capital Commitment Recontribution Amount, the "losing" party to such dispute shall promptly reimburse the "victorious party" for all reasonable legal fees and expenses incurred in connection with such dispute (such determination to be made by the relevant adjudicator). Any amounts due under this Section 10.13 shall be paid within 30 days of the date upon which such amounts are due to be paid and such amounts remaining unpaid after such date shall accrue interest at the Default Interest Rate.

Section 10.14. Entire Agreement . This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. Subject to Section 10.4, this Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written. In the event that it is impracticable to obtain the signature of any one or more of the Partners to this Agreement, this Agreement shall be binding among the other Partners executing the same.

GENERAL PARTNER:

BTO GP L.L.C.

By: Blackstone Holdings III, L.P., its Sole Member

By: Blackstone Holdings III GP L.P., its General Partner

By: Blackstone Holdings III GP Management L.L.C., its General Partner

By: /s/ John G. Finley
Name: John G. Finley
Title: Chief Legal Officer and Secretary

[Signature Page to Amended and Restated Limited Partnership Agreement of BTOA III L.P.]

LIMITED PARTNERS AND SPECIAL PARTNERS:

Limited Partners and Special Partners now admitted pursuant to powers of attorney now and hereafter granted to BTO GP L.L.C.

BTO GP L.L.C.

By: Blackstone Holdings III, L.P., its Sole Member

By: Blackstone Holdings III GP L.P., its General Partner

By: Blackstone Holdings III GP Management L.L.C., its General Partner

By: /s/ John G. Finley
Name: John G. Finley
Title: Chief Legal Officer and Secretary

[Signature Page to Amended and Restated Limited Partnership Agreement of BTOA III L.P.]

Exhibit 10.93

[Execution Copy]

THE BLACKSTONE GROUP L.P.
2007 EQUITY INCENTIVE PLAN

AMENDED AND RESTATED
DEFERRED HOLDINGS UNIT AGREEMENT

Participant: Bennett Goodman

Original Date of Grant: February 24, 2015
Date of Amendment: As of November 12, 2018

Number of Deferred Units: 5,028,435

1. Grant of Deferred Units. On the Original Date of Grant, the Partnership granted the number of deferred units (the " Deferred Units ") listed above to the Participant (the " Award "), effective as of Original Date of Grant set forth above on the terms and conditions hereinafter set forth in a Deferred Holdings Unit Agreement (as amended hereby, the " Award Agreement "). The Partnership and the Participant desire to amend and restate the Award Agreement as of the Date of Amendment set forth above. This grant is made pursuant to the terms of The Blackstone Group L.P. 2007 Equity Incentive Plan (as amended, modified or supplemented from time to time, the " Plan "), which is incorporated herein by reference and made a part of this Award Agreement. Each Deferred Unit represents the unfunded, unsecured right of the Participant to receive a Blackstone Holdings Partnership Unit on the delivery date(s) specified in Section 4 hereof.

2. Definitions. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

(a) " Cause " shall mean the occurrence or existence of any of the following as determined fairly, reasonably, on an informed basis and in good faith by the Administrator:

(i) (w) any breach by the Participant of any provision of the Non-Competition, Non-Solicitation and Confidentiality Agreement to which the Participant is a party, (x) any material breach of any rules or regulations of the Partnership or its Affiliates applicable to the Participant, (y) the Participant's deliberate failure to perform his or her duties to the Partnership or its Affiliates, or (z) the Participant's committing to, or engaging in any conduct or behavior that is or may be harmful to the Partnership or its Affiliates in a material way; provided, that, in the case of any of the foregoing clauses (w), (x), (y) and (z), the Administrator has given the Participant written notice (a " Notice of Breach ") within fifteen days after the Administrator becomes aware of such action and the Participant fails to cure such breach, failure to perform, conduct or

behavior within fifteen days after receipt by the Participant of such Notice of Breach from the Administrator (or such longer period, not to exceed an additional fifteen days, as shall be reasonably required for such cure, provided , that the Participant is diligently pursuing such cure);

(ii) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against the Partnership or its Affiliates; or

(iii) conviction (on the basis of a trial or by an accepted plea of guilty or *nolo contendere*) of a felony or crime (including any misdemeanor charge involving moral turpitude, false statements or misleading omissions, forgery, wrongful taking, embezzlement, extortion or bribery), or a determination by a court of competent jurisdiction, by a regulatory body or by a self-regulatory body having authority with respect to applicable securities laws, rules or regulations of the securities industry, that the Participant individually has violated any applicable securities laws or any rules or regulations thereunder, or any rules of any such self-regulatory body (including, without limitation, any licensing requirement), if such conviction or determination has a material adverse effect on (A) the Participant's ability to function in his or her position with the Partnership or its Affiliates, taking into account the services required of such position and the nature of the Partnership's and its Affiliate's business or (B) the business of the Partnership or its Affiliates.

(b) " Expiration Period " shall be one year following the date of the Participant's termination of Employment with the Partnership and its Affiliates.

(c) " Involuntary Termination " shall mean Partnership and its Affiliates have terminated the Employment of the Participant without Cause (and in the absence of the Participant's Disability).

(d) " Letter Agreement " shall mean the Performance Earn Out Letter Agreement, dated as of February 24, 2015, between Blackstone Holdings I L.P. and Participant.

(e) " Non-Competition, Non Solicitation and Confidentiality Agreement " shall mean any agreement, and any attachments or schedules thereto, entered into by and between the Participant and the Partnership or its Affiliates, pursuant to which the Participant has agreed, among other things, to certain restrictions relating to non-competition, non-solicitation and/or confidentiality, in order to protect the business of the Partnership and its Affiliates.

(f) " Qualifying Event " shall mean, during the Participant's Employment with the Partnership and its Affiliates, the Participant's death, Disability or Involuntary Termination.

(g) " Retention Conditions " are that (x) Participant shall have provided, on a date that is between 45-60 days (inclusive) prior to termination, written notice to the Partnership's Chief Legal Officer of the Participant's intention to terminate the Participant's service with the Partnership, which notice will provide for a date of termination of Employment no earlier than January 1, 2020 (the date of such termination, the " Early Retirement Date ") and (y) the Participant continues Employment in good faith as a Senior Managing Director to the Partnership through the Early Retirement Date; provided that, if an Involuntary Termination occurs at any time, the Retention Conditions will be satisfied and the Early Retirement Date will be the date of Involuntary Termination.

(h) " Retention Units " shall mean, on any given date, the Deferred Units that have become Vested Deferred Units and which are retained by the Partnership (along with the underlying Blackstone Holdings Partnership Units) in accordance with Section 4 hereof.

(i) " Vested Deferred Units " shall mean those Deferred Units which have become vested pursuant to Section 3 or otherwise pursuant to the Plan.

(j) " Vesting Dates " shall mean each of the first eight anniversaries of January 1, 2015.

3. Vesting .

(a) *Vesting – General.* Subject to the Participant's continued Employment with the Partnership and its Affiliates, 12.5% of the Deferred Units granted hereunder shall vest on each Vesting Date; provided that 122,385 of the Deferred Units otherwise scheduled to vest on the first Vesting Date shall vest instead 66.67% on December 31, 2016 and 33.33% on December 31, 2017 (each such date being an additional "Vesting Date" for purposes of this Award Agreement).

(b) *Vesting – Qualifying Events.*

(i) *Death or Disability.* Upon the occurrence of a Qualifying Event on account of the death or Disability, 100% of the Deferred Units granted hereunder shall vest (to the extent not previously vested) upon the date of such event.

(ii) *Involuntary Termination.* Upon the occurrence of a Qualifying Event on account of the Involuntary Termination of the Participant prior to the fifth anniversary of the Original Date of Grant, the unvested Deferred Units shall continue to vest in accordance with the vesting schedule as described in Section 3(a) hereof as if the Participant remained employed through the fifth anniversary of the Original Date of Grant (without duplication for any vesting provided for in Section 3(b)(iii)). All other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event.

(iii) *Separation following Satisfaction of Retention Conditions.* Upon the occurrence of the Participant's termination of Employment on the Early Retirement Date after satisfaction of the Retention Conditions:

(A) if the Early Retirement Date occurs during 2019 as a result of an Involuntary Termination, then (w) the unvested Deferred Units scheduled to vest on January 1, 2020 shall continue to vest in accordance with the vesting schedule as described in Section 3(a) hereof as if the Participant remained employed through January 1, 2020 (without duplication for any vesting provided for in Section 3(b)(ii)), (x) the unvested Deferred Units scheduled to vest on January 1, 2021 shall continue to vest as if Participant remained employed through January 1, 2021, (y) 50% of the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event;

(B) if the Early Retirement Date occurs between January 1, 2020 and March 31, 2020 (inclusive), then (x) the unvested Deferred Units scheduled to vest on January 1, 2021 shall continue to vest in accordance with the vesting schedule as described in Section 3(a) hereof as if the Participant remained employed through January 1, 2021, (y) 50% of the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event;

(C) if the Early Retirement Date occurs between April 1, 2020 and June 30, 2020 (inclusive), then (x) the unvested Deferred Units scheduled to vest on January 1, 2021 shall continue to vest in accordance with the vesting schedule as described in Section 3(a) hereof as if the Participant remained employed through January 1, 2021, (y) 75% of the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event;

(D) if the Early Retirement Date occurs between July 1, 2020 and September 30, 2020 (inclusive), then (x) the unvested Deferred Units scheduled to vest on January 1, 2021 shall continue to vest in accordance with the vesting schedule as described in Section 3(a) hereof as if the Participant remained employed through January 1, 2021, (y) the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event;

(E) if the Early Retirement Date occurs between October 1, 2020 and December 31, 2020 (inclusive), then (w) the unvested Deferred Units scheduled to vest on January 1, 2021 shall continue to vest in accordance with the vesting schedule as described in Section 3(a) hereof as if the Participant remained employed through January 1, 2021, (x) the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, (y) 25% of the unvested Deferred Units scheduled to vest on January 1, 2023 shall continue to vest as if the Participant remained employed through January 1, 2023, and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event;

(F) if the Early Retirement Date occurs between January 1, 2021 and March 31, 2021 (inclusive), then (x) the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, (y) 50% of the unvested Deferred Units scheduled to vest on January 1, 2023 shall continue to vest as if the Participant remained employed through January 1, 2023 (without duplication for any vesting provided for in Section 3(b)(ii)), and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event;

(G) if the Early Retirement Date occurs between April 1, 2021 and June 30, 2021 (inclusive), then (x) the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022, (y) 75% of the unvested Deferred

Units scheduled to vest on January 1, 2023 shall continue to vest as if the Participant remained employed through January 1, 2023, and (z) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event; or

(H) if the Early Retirement Date occurs on or after July 1, 2021, then (x) the unvested Deferred Units scheduled to vest on January 1, 2022 shall continue to vest as if the Participant remained employed through January 1, 2022 and (y) the unvested Deferred Units scheduled to vest on January 1, 2023 shall continue to vest as if the Participant remained employed through January 1, 2023.

(c) *Vesting –Terminations.* Except as otherwise set forth in Section 3(b), in the event the Participant's Employment with the Partnership and its Affiliates is terminated for any reason, the portion of the Award that has not yet vested (or is not eligible to become vested) pursuant to Section 3(a) or 3(b) hereof (or otherwise pursuant to the Plan) shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such portion of the Award as of the date of such termination.

4. Delivery .

(a) *Delivery – General.* The Partnership shall, on each applicable Vesting Date set forth below, deliver to the Participant the Blackstone Holdings Partnership Units underlying the Deferred Units which vest and become Vested Deferred Units on such date; provided that on each such Vesting Date, the Partnership shall retain, as Retention Units (and withhold the corresponding underlying Blackstone Holdings Partnership Units with respect thereto) 7.5% of the Deferred Units that vest on such Vesting Date. The Blackstone Holdings Partnership Units underlying Retention Units will be delivered to the Participant on the earlier of (i) the tenth anniversary of the applicable Vesting Date and (ii) the date on which the Expiration Period expires.

(b) *Delivery – Death or Disability.* Upon the occurrence of a Qualifying Event on account of the Participant's death or Disability, the Partnership shall, within a reasonable time following the date of such event, deliver Blackstone Holdings Partnership Units to the Participant in respect of 100% of the Deferred Units which vest and become Vested Deferred Units on such Date and any then outstanding Retention Units (to the extent not previously delivered).

(c) *Delivery – Terminations.* Except as otherwise set forth in Section 4(b) or 4(d), in the event the Participant's Employment with the Partnership and its Affiliates is terminated for any reason, the Partnership shall (i) within a reasonable time of such termination, deliver Blackstone Holdings Partnership Units to the Participant in respect of the Vested Deferred Units as of such date that are not Retention Units (if any) and (ii) deliver Blackstone Holdings Partnership Units to the Participant in respect of the Retention Units in accordance with Section 4(a), until the date on which the Expiration Period expires, at which point all remaining Retention Units shall be delivered to the Participant.

(d) *Forfeiture – Cause Termination or Breach of Restrictive Covenants* . Notwithstanding anything to the contrary herein, upon the termination of the Participant's Employment by the Partnership or any of its Affiliates for Cause or upon the Participant's breach of any of the restrictive covenants contained within an applicable Non-Competition, Non-Solicitation and Confidentiality Agreement, all unvested Deferred Units, all undelivered vested Deferred Units (except to the extent such Deferred Units were both (x) vested and (y) scheduled to be delivered prior to the applicable breach or termination), and all outstanding Retention Units shall immediately terminate and be forfeited without consideration and no further Blackstone Holdings Partnership Units with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs .

5. Change in Control . Notwithstanding anything to the contrary herein, in the event of a Change in Control, (i) 100% of the Deferred Units granted hereunder which then remain outstanding shall vest (to the extent not previously vested) upon the date of such Change in Control, and (ii) the Partnership shall deliver Blackstone Holdings Partnership Units to the Participant at the same times as would otherwise be delivered pursuant to Section 4(a); provided , however , if such Change in Control (or any subsequent Change in Control) would constitute a "change in the ownership or effective control" or a "change in the ownership of a substantial portion of the assets" of the Partnership (in each case within the meaning of Section 409A of the Code), the Partnership shall instead deliver Blackstone Holdings Partnership Units to the Participant in respect of 100% of the then-outstanding Deferred Units and Retention Units (to the extent not previously delivered) on or within 10 days following such Change in Control.

6. Dividends . If on any date while Deferred Units are outstanding hereunder any cash distributions shall be paid on the Blackstone Holdings Partnership Units (whether vested or unvested), the Participant shall be entitled to receive, as of such distribution date, a cash payment equal to the product of (a) the number of Deferred Units, if any, held by the Participant as of the related distribution date, multiplied by (b) the per Blackstone Holdings Partnership Unit amount of such cash distribution.

7. Adjustments Upon Certain Events . The Administrator shall, in its sole discretion, make certain substitutions or adjustments to any Retention Units or Deferred Units subject to this Award Agreement pursuant to Section 9 of the Plan.

8. No Right to Continued Employment. The granting of the Deferred Units evidenced by this Award Agreement shall impose no obligation on the Partnership or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Partnership's or its Affiliate's right to terminate the Employment of such Participant.

9. No Rights of a Holder of Blackstone Holdings Partnership Units. Except as otherwise provided herein, the Participant shall not have any rights as a holder of Blackstone Holdings Partnership Units until such Blackstone Holdings Partnership Units have been issued or transferred to the Participant.

10. Restrictions. Any Blackstone Holdings Partnership Units issued or transferred to the Participant pursuant to Section 4 of this Award Agreement shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Blackstone Holdings Partnership Units are listed and any applicable U.S. or non-U.S. federal, state or local laws, and the Administrator may cause a notation or notations to be put entered into the books and records of the Partnership to make appropriate reference to such restrictions.

11. Transferability. Unless otherwise determined or approved by the Administrator, no Deferred Units or Retention Units may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 11 shall be void and unenforceable against the Partnership or any Affiliate.

12. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12):

(a) If to the Partnership, to:

The Blackstone Group L.P.
345 Park Avenue
New York, New York, 10154
Attention: Chief Legal Officer
Fax: (212) 583-5258

(b) If to the Participant, to the address appearing in the personnel records of the Partnership or any Affiliate.

13. Withholding. The Participant may be required to pay to the Partnership or any Affiliate and the Partnership or any Affiliate shall have the right and is hereby authorized to withhold from any issuance or transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any issuance or transfer under this Award Agreement or

under the Plan and to take such action as may be necessary in the opinion of the Partnership to satisfy all obligations for the payment of such withholding taxes, including, without limitation, by reducing the number of Blackstone Holdings Partnership Units that would otherwise be transferred or issued pursuant to this Award Agreement. Without limiting the foregoing, the Administrator may, from time to time, permit the Participant to make arrangements prior to any vesting date or delivery date described herein to pay the applicable withholding taxes by remitting a check prior to the applicable vesting or delivery date.

14. Choice of Law . The interpretation, performance and enforcement of this Award Agreement shall be governed by the law of the State of New York.

15. Subject to Plan . By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All Deferred Units, Retention Units and Blackstone Holdings Partnership Units issued or transferred with respect thereof are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

16. Entire Agreement . This Award Agreement contains the entire understanding between the parties with respect to the Deferred Units granted hereunder (including, without limitation, the vesting and delivery schedules described herein), and hereby replaces and supersedes any prior communication and arrangements between the Participant and the Partnership or any of its Affiliates with respect to the matters set forth herein and any other pre-existing economic or other arrangements between the Participant and the Partnership or any of its Affiliates.

17. Modifications . Notwithstanding any provision of this Award Agreement to the contrary, the Partnership reserves the right to modify the terms and conditions of this Award Agreement, including, without limitation, the timing or circumstances of the issuance or transfer of Blackstone Holdings Partnership Units to the Participant hereunder, to the extent such modification is determined by the Partnership to be necessary to comply with applicable law or preserve the intended deferral of income recognition with respect to the Deferred Units and Retention Units until the issuance or transfer of Blackstone Holdings Partnership Units hereunder.

18. Signature in Counterparts . This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next page.*]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement.

THE BLACKSTONE GROUP L.P.

/s/ Stephen A. Schwarzman

Name: Stephen A. Schwarzman

THE PARTICIPANT

/s/ Bennett Goodman

Name: Bennett Goodman

[Signature Page to Award Agreement]

THE BLACKSTONE GROUP L.P.
2007 EQUITY INCENTIVE PLAN

DEFERRED HOLDINGS UNIT AGREEMENT

Participant: *Date of Grant:*

Number of Deferred Units:

1. Grant of Deferred Units . The Partnership hereby grants the number of deferred units (the " Deferred Units ") listed above to the Participant (the " Award "), effective as of the Date of Grant on the terms and conditions hereinafter set forth in this agreement, including any appendix, exhibit or addendum hereto (the " Award Agreement "). This grant is made pursuant to the terms of The Blackstone Group L.P. 2007 Equity Incentive Plan (as amended, modified or supplemented from time to time, the " Plan "), which is incorporated herein by reference and made a part of this Award Agreement. Each Deferred Unit represents the unfunded, unsecured right of the Participant to receive a Blackstone Holdings Partnership Unit on the delivery date(s) specified in Section 4 hereof.

2. Definitions . Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

(a) " Cause " shall mean the occurrence or existence of any of the following as determined fairly, reasonably, on an informed basis and in good faith by the Administrator: (i) any breach by the Participant of any provision of the Non-Competition, Non-Solicitation and Confidentiality Agreements to which the Participant is a party, (ii) any material breach of any rules or regulations of the Partnership or its Affiliates applicable to the Participant, (iii) Participant's deliberate failure to perform his or her duties to the Partnership or its Affiliates, (iv) Participant's committing to or engaging in any conduct or behavior that is or may be harmful to the Partnership or its Affiliates in a material way; (v) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct against the Partnership or its Affiliates; or (vi) conviction (on the basis of a trial or by an accepted plea of guilty or nolo contendere) of a felony or crime (including any misdemeanor charge involving moral turpitude, false statements or misleading omissions, forgery, wrongful taking, embezzlement, extortion or bribery), or a determination by a court of competent jurisdiction, by a regulatory body or by a self-regulatory body having authority with respect to securities laws, rules or regulations of the applicable securities industry, that the Participant individually has violated any applicable securities laws or any rules or regulations thereunder, or any rules of any such self-regulatory body (including, without limitation, any licensing requirement), if such conviction or determination has a material adverse effect on (A) the Participant's ability to function as an employee of the Partnership or its Affiliates, taking into account the employment required of the Participant and the nature of the Partnership's or its Affiliates' business or (B) the business of the Partnership or its Affiliates.

(b) " Employment Agreement " shall mean the Contracting Employee Agreement (including all schedules and exhibits thereto), entered into between the Blackstone Administrative Services Partnership L.P. and the Participant or, if the Participant becomes a Senior Managing Director subsequent to the Date of Grant, the Senior Managing Director Agreement (including all schedules and exhibits thereto), entered into between the Blackstone Holdings I L.P. and the Participant.

(c) " Holdback Delivery Date " shall mean the earlier of (i) the tenth anniversary with respect to each Vesting Date and (ii) the date on which the Restrictive Covenant Expiration Period expires.

(d) " Non-Competition, Non Solicitation and Confidentiality Agreement " shall mean any agreement, and any attachments or schedules thereto, entered into by and between the Participant and the Partnership or its Affiliates, pursuant to which the Participant has agreed, among other things, to certain restrictions relating to non-competition, non-solicitation and/or confidentiality, in order to protect the business of the Partnership and its Affiliates.

(e) " Qualifying Event " shall mean, during the Participant's Employment with the Partnership and its Affiliates, the Participant's death, Disability or Retirement.

(f) " Retirement " shall mean the retirement of the Participant from his or her Employment with the Partnership and its Affiliates after (i) the Participant has reached age 65 and has at least five full years of service with the Partnership and its Affiliates, or (ii) (x) the Participant's age plus years of service with the Partnership and its Affiliates totals at least 65, (y) the Participant has reached age 55, and (z) the Participant has had a minimum of five years of service.

(g) " Restrictive Covenant Expiration Period " shall be one year following the date of the Participant's termination of Employment with the Partnership and its Affiliates.

(h) " Retention Percentage " shall mean 25% of the vested units until the corresponding Holdback Delivery Date, at which time it shall be 0%.

(i) " Retention Units " shall mean, on any given date, the Deferred Units that have become Vested Deferred Units and which are retained by the Partnership (along with the underlying Blackstone Holdings Partnership Units) in accordance with Section 4 hereof.

(j) " Vested Deferred Units " shall mean those Deferred Units which have become vested pursuant to Section 3 or otherwise pursuant to the Plan.

(k) “ Vesting Dates ” shall mean each of the First Vesting Date, the Second Vesting Date and the Third Vesting Date.

(l) “ Vesting Reference Date ” shall mean .

3. Vesting .

(a) *Vesting – General.* Subject to the Participant’s continued Employment with the Partnership and its Affiliates, the Award shall vest on the applicable Vesting Dates as follows:

(i) of the Deferred Units granted hereunder shall vest on the anniversary of the Vesting Reference Date (the “ First Vesting Date ”); an additional of the Deferred Units granted hereunder shall vest on the anniversary of the Vesting Reference Date (the “ Second Vesting Date ”); and the remaining of the Deferred Units granted hereunder shall vest on the anniversary of the Vesting Reference Date (the “ Third Vesting Date ”).

(b) *Vesting – Qualifying Events.*

(i) *Death or Disability.* Upon the occurrence of a Qualifying Event on account of the death or Disability of the Participant, 100% of the Deferred Units granted hereunder shall vest (to the extent not previously vested) upon the date of such event.

(ii) *Retirement.* Upon the occurrence of a Qualifying Event on account of the Retirement of the Participant, (I) 50% of the then unvested Deferred Units shall remain eligible to vest upon each of the following scheduled Vesting Dates, and (II) all other unvested Deferred Units shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such unvested Deferred Units upon the date of such event; provided that if, following the Participant’s Retirement, the Participant breaches any applicable provision of the Non-Competition, Non-Solicitation and Confidentiality Agreement to which the Participant is a party or otherwise engages in any Competitive Activity, the Participant’s Deferred Units which remain undelivered as of the date of such violation or engagement in Competitive Activity, as determined by the Administrator in its sole discretion, will be forfeited without payment. As a pre-condition to a Participant’s right to continued vesting and delivery of the Deferred Units following Retirement, the Administrator may require the Participant to certify in writing prior to each scheduled Vesting Date that the Participant has not breached any applicable provisions of the Participant’s Non-Competition, Non-Solicitation and Confidentiality Agreement or otherwise engaged in any Competitive Activity.

(c) *Vesting –Terminations.* Except as otherwise set forth in Section 3(b), in the event the Participant’s Employment with the Partnership and its Affiliates is terminated for any reason, the portion of the Award that has not yet vested pursuant to Section 3(a) or 3(b) hereof (or otherwise pursuant to the Plan) shall be cancelled immediately and the Participant shall automatically forfeit all rights with respect to such portion of the Award as of the date of such termination.

4. Delivery .

(a) *Delivery – General.* The Partnership shall, on each applicable Vesting Date set forth below, deliver to the Participant the Blackstone Holdings Partnership Units underlying the Deferred Units which vest and become Vested Deferred Units on such date; provided that on each such Vesting Date, the Partnership shall retain, as Retention Units (and withhold the corresponding underlying Blackstone Holdings Partnership Units with respect thereto) a number of Vested Deferred Units so that the aggregate number of Retention Units at such time (expressed as a percentage of the aggregate number of Deferred Units awarded to the Participant which have vested as of such date) is equal to the applicable Retention Percentage. The Blackstone Holdings Partnership Units underlying Retention Units will be delivered to the Participant as and when, and to the extent that, the number of Retention Units at any time exceeds the applicable Retention Percentage, as illustrated in the table below, with the Blackstone Holdings Partnership Units underlying any remaining Retention Units delivered to the Participant upon the Holdback Delivery Date.

	Annual Vesting	**Cumulative Vesting**	**Retention Percentage**	**Annual Delivery Percentage**	**Cumulative Delivery Percentage**
First Vesting Date					
Second Vesting Date					
Third Vesting Date					

(b) *Delivery – Qualifying Events* .

(i) *Death or Disability.* Upon the occurrence of a Qualifying Event on account of the Participant's death or Disability, the Partnership shall, within a reasonable time following the date of such event, deliver Blackstone Holdings Partnership Units to the Participant in respect of 100% of the Deferred Units which vest and become Vested Deferred Units on such Date and any then outstanding Retention Units (to the extent not previously delivered).

(ii) *Retirement.* Following the occurrence of a Qualifying Event on account of the Participant's Retirement, the Partnership shall, on each subsequent Vesting Date, deliver Blackstone Holdings Partnership Units to the Participant in respect of those Deferred Units which vest and become Vested Deferred Units as of each following Vesting Date by application of Section 3(b)(ii); provided that the Partnership will retain such Retention Units as are necessary to meet the Retention Percentage until such requirement lapses. In the case of any Vesting Dates after the Participant's Retirement that occur following the Restrictive Covenant Expiration Period, the full amount of Vested Deferred Units shall be delivered on such Vesting Dates, without any retention of Retention Units thereon.

(c) *Delivery – Terminations.* Except as otherwise set forth in Section 4(b) or 4(d), in the event the Participant's Employment with the Partnership and its Affiliates is terminated for any reason, the Partnership shall (i) within a reasonable time of such termination, deliver Blackstone Holdings Partnership Units to the Participant in respect of the Vested Deferred Units as of such date that are not Retention Units (if any), and (ii) deliver Blackstone Holdings Partnership Units to the Participant in respect of the Retention Units in accordance with the delivery schedule set forth in Section 4(a), until the Holdback Delivery Date, at which point all remaining Retention Units shall be delivered to the Participant.

(d) *Forfeiture – Cause Termination or Breach of Restrictive Covenants* . Notwithstanding anything to the contrary herein, upon the termination of the Participant's Employment by the Partnership or any of its Affiliates for Cause or upon the Participant's breach of any of the restrictive covenants contained within an applicable Non-Competition, Non-Solicitation and Confidentiality Agreement, all outstanding Deferred Units (whether or not vested) and Retention Units shall immediately terminate and be forfeited without consideration and no further Blackstone Holdings Partnership Units with respect of the Award shall be delivered to the Participant or to the Participant's legal representative, beneficiaries or heirs . Without limiting the foregoing, any Blackstone Holdings Partnership Units that have previously been delivered to the Participant or the Participant's legal representative, beneficiaries or heirs pursuant to the Award and which are still held by the Participant or the Participant's legal representative, or beneficiaries or heirs as of the date of such termination for Cause or such breach, shall also immediately terminate and be forfeited without consideration.

5. Change in Control . Notwithstanding anything to the contrary herein, in the event of a Change in Control, (i) 100% of the Deferred Units granted hereunder which then remain outstanding shall vest (to the extent not previously vested) upon the date of such Change in Control, and (ii) the Partnership shall deliver Blackstone Holdings Partnership Units to the Participant at the same times as would otherwise be delivered pursuant to Section 4(a); provided , however , if such Change in Control (or any subsequent Change in Control) would constitute "a change in the ownership or effective control" or a "change in the ownership of a substantial portion of the assets" of the Partnership (in each case within the meaning of Section 409A of the Code), the Partnership shall instead deliver Blackstone Holdings Partnership Units to the Participant in respect of 100% of the then outstanding Deferred Units and Retention Units (to the extent not previously delivered) on or within 10 days following such Change in Control.

6. Distributions . If on any date while Deferred Units are outstanding hereunder any cash distributions shall be paid on the Blackstone Holdings Partnership Units (whether vested or unvested), the Participant shall be entitled to receive, as of such distribution date, a cash payment equal to the product of (a) the number of Deferred Units, if any, held by the Participant as of the related distribution date, multiplied by (b) the per Blackstone Holdings Partnership Unit amount of such cash distribution.

7. Adjustments Upon Certain Events . The Administrator shall, in its sole discretion, make certain substitutions or adjustments to any Retention Units or Deferred Units subject to this Award Agreement pursuant to Section 9 of the Plan.

8. No Right to Continued Employment . The granting of the Deferred Units evidenced by this Award Agreement shall impose no obligation on the Partnership or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Partnership's or its Affiliate's right to terminate the Employment of such Participant.

9. No Rights of a Holder of Blackstone Holdings Partnership Units . Except as otherwise provided herein, the Participant shall not have any rights as a holder of Blackstone Holdings Partnership Units until such Blackstone Holdings Partnership Units have been issued or transferred to the Participant.

10. Restrictions . Any Blackstone Holdings Partnership Units issued or transferred to the Participant pursuant to Section 4 of this Award Agreement shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Blackstone Holdings Partnership Units are listed and any applicable U.S. or non-U.S. federal, state or local laws, and the Administrator may cause a notation or notations to be entered into the books and records of the Partnership to make appropriate reference to such restrictions.

11. Transferability . Unless otherwise determined or approved by the Administrator, no Deferred Units or Retention Units may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 11 shall be void and unenforceable against the Partnership or any Affiliate.

12. Notices . All notices, requests, claims, demands and other communications hereunder shall be in writing (including electronically) and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by electronic means, by courier service, by fax, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12):

(a) If to the Partnership, to:

The Blackstone Group L.P.
345 Park Avenue
New York, New York, 10154
Attention: Chief Legal Officer
Fax: (212) 583-5258

(b) If to the Participant, to the address appearing in the personnel records of the Partnership or any Affiliate.

13. Withholding. The Participant may be required to pay to the Partnership or any Affiliate and the Partnership or any Affiliate shall have the right and is hereby authorized to withhold from any issuance or transfer due under this Award Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any issuance or transfer under this Award Agreement or under the Plan and to take such action as may be necessary in the opinion of the Partnership to satisfy all obligations for the payment of such withholding taxes, including, without limitation, by reducing the number of Blackstone Holdings Partnership Units that would otherwise be transferred or issued pursuant to this Award Agreement. Without limiting the foregoing, the Administrator may, from time to time, permit the Participant to make arrangements prior to any vesting date or delivery date described herein to pay the applicable withholding taxes by remitting a check prior to the applicable vesting or delivery date.

14. Choice of Law. The interpretation, performance and enforcement of this Award Agreement shall be governed by the law of the State of New York.

15. Subject to Plan. By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All Deferred Units, Retention Units and Blackstone Holdings Partnership Units issued or transferred with respect thereof are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

16. Nature of Grant. By accepting the Deferred Units, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Partnership, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Partnership at any time;

(b) the grant of Deferred Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Deferred Units or benefits in lieu of Deferred Units, even if Deferred Units have been granted in the past;

(c) all decisions with respect to future Deferred Units or other grants, if any, will be at the sole discretion of the Partnership;

(d) the Participant is voluntarily participating in the Plan;

(e) the Deferred Units and the underlying Blackstone Holdings Partnership Units, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) unless otherwise agreed with the Partnership, the Deferred Units and the underlying Blackstone Holdings Partnership Units, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any affiliate of the Partnership;

(g) the Deferred Units and the underlying Blackstone Holdings Partnership Units, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, indemnification, pension or retirement or welfare benefits or similar payments, benefits or rights of any kind;

(h) the future value of the underlying Blackstone Holdings Partnership Units is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from the forfeiture of the Deferred Units resulting from the Participant's termination of Employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment or other laws in the jurisdiction where the Participant is employed or otherwise rendering services, or the terms of his or her employment or service agreement, if any); and

(j) for purposes of the Deferred Units, the Participant's Employment will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or otherwise rendering services or the terms of his or her employment or service agreement, if any) as of the date that is the earlier of (i) the date he or she is no longer actively providing services to the Partnership or an Affiliate or (ii) the date he or she receives notice of termination of Employment from the Partnership or Affiliate, and unless otherwise expressly provided in this Award Agreement or determined by the Partnership, the Participant's right to vest in the Deferred Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.,* the Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or otherwise rendering services, or the terms of his or her employment or service agreement, if any). The Administrator will have exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Deferred Units.

17. Non-U.S. and Country Specific Provisions . If the Participant resides in a country outside the United States or its territories, or is otherwise subject to the laws of a country other than the United States, the Deferred Units and any underlying Blackstone Holdings Partnership Units acquired under the Plan shall be subject to the additional terms and conditions set forth in Appendix A and to the terms and conditions set forth in Appendix B for the Participant's country, if any. Moreover, if the Participant relocates outside the United States or its territories, the terms and conditions set forth in Appendices A and B will apply to the Participant, to the extent the Partnership determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

18. No Advice Regarding Grant . The Partnership is not providing any tax, legal or financial advice, nor is the Partnership making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Blackstone Holdings Partnership Units. The Participant should consult with his or her own tax, legal, and financial advisors regarding participation in the Plan before taking any action related to the Plan.

19. Severability . The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

20. Waiver . The Participant acknowledges that a waiver by the Partnership of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach of this Award Agreement.

21. Entire Agreement . This Award Agreement contains the entire understanding between the parties with respect to the Deferred Units granted hereunder (including, without limitation, the vesting and delivery schedules described herein), and hereby replaces and supersedes any prior communication and arrangements between the Participant and the Partnership or any of its Affiliates with respect to the matters set forth herein and any other pre-existing economic or other arrangements between the Participant and the Partnership or any of its Affiliates.

22. Modifications . Notwithstanding any provision of this Award Agreement to the contrary, the Partnership reserves the right to modify the terms and conditions of this Award Agreement, including, without limitation, the timing or circumstances of the issuance or transfer of Blackstone Holdings Partnership Units to the Participant hereunder, to the extent such modification is determined by the Partnership to be necessary or advisable for legal or administrative reasons or to preserve the intended deferral of income recognition with respect to the Deferred Units and Retention Units until the issuance or transfer of Blackstone Holdings Partnership Units hereunder.

23. Electronic Delivery and Acceptance . The Partnership, in its sole discretion, may decide to deliver any documents related to current or future participation in the Plan by electronic means. Electronic delivery of a document to the Participant may be via a Partnership e-mail system, an online or electronic system established and maintained by a third party administrator of the Plan, or by reference to a location on a Partnership intranet site to which the Participant has access. The Participant hereby agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Partnership desires or may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other agreements, forms and communications), in connection with this and any other prior or future incentive award or program offered by the Partnership and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Partnership or a third party designated by the Partnership.

24. Signature in Counterparts . This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next page.*]

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement.

THE BLACKSTONE GROUP L.P.

____
Name:

THE PARTICIPANT [1]

____
Name:

---

1 To the extent that the Partnership has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute Participant's signature hereof.

APPENDIX A

to

THE BLACKSTONE GROUP L.P.
DEFERRED UNIT AGREEMENT

ADDITIONAL TERMS AND CONDITIONS
FOR PARTICIPANTS OUTSIDE THE UNITED STATES

The following terms and conditions (where applicable) apply to Participants who reside outside the United States or its territories or who are otherwise subject to the laws of a country other than the United States.

1. Nature of Grant . The follow provision supplements Section 16 of the main body of this Award Agreement:

Neither the Partnership nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Deferred Units or any amounts due to the Participant pursuant to the settlement of the Deferred Units (in Blackstone Holdings Partnership Units or cash) or subsequent sale of underlying Blackstone Holdings Partnership Units acquired upon settlement.

2. Withholding . The following provisions supplement Section 13 of the main body of this Award Agreement:

The Participant acknowledges and agrees that, regardless of any action taken by the Partnership or the Affiliate employing the Participant (the " Employer "), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Deferred Units and the Participant's participation in the Plan (" Tax-Related Items ") is and remains the Participant's sole responsibility and may exceed the amount, if any, withheld by the Partnership or the Employer. The Participant further acknowledges that the Partnership and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Deferred Units, including, but not limited to, the grant, vesting or settlement of the Deferred Units, the subsequent sale of Blackstone Holdings Partnership Units acquired pursuant to such settlement and the receipt of any distributions; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Deferred Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. If the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges and agrees that the Partnership or Affiliate, as applicable, may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In addition to the withholding methods specified above in this Section 13, the Participant authorizes the Partnership and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by (i) withholding from the proceeds of the sale of Blackstone Holdings Partnership Units acquired at vesting of the Deferred Units through a voluntary sale or through a mandatory sale arranged by the Partnership (on the Participant's behalf pursuant to this authorization without further consent) or (ii) any other method of withholding determined by the Partnership and permitted by applicable law.

Depending on the withholding method, the Partnership may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates in the Participant's jurisdiction(s), in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Blackstone Holdings Partnership Units. If the obligation for Tax-Related Items is satisfied by withholding Blackstone Holdings Partnership Units that would otherwise be transferred or issued pursuant to this Award Agreement, for tax purposes, the Participant is deemed to have been issued the full number of Blackstone Holdings Partnership Units subject to the vested Deferred Units, notwithstanding that a number of the Blackstone Holdings Partnership Units are held back solely for the purpose of paying the Tax-Related Items.

The Partnership may refuse to issue the Blackstone Holdings Partnership Units or deliver the proceeds of the sale of Blackstone Holdings Partnership Units if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

3. Data Privacy . For the purposes of complying with the General Data Protection Regulation (EU) 2016/679, relevant Participants will be provided with separate information in respect of the collection and processing of their personal data. For the purposes of the remainder of this clause 3 (of Appendix A) only, "Participant" means a Participant who resides outside of the European Union.

The Participant hereby explicitly, voluntarily and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Award Agreement and any other Plan materials by and among, as applicable, the Employer, the Partnership and its Affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Partnership and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Blackstone Holdings Partnership Units or directorships held in the Partnership, details of any entitlement to Blackstone Holdings Partnership Units awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan (" Data ").

The Participant understands that Data will be transferred to Merrill Lynch, Pierce, Fenner & Smith Incorporated or such other stock plan providers as may be selected by the Partnership in the future, which is assisting the Partnership with the implementation, administration and management of the Plan. The Participant understands that those receiving the Data may be located in the United States or elsewhere, and that the applicable country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant authorizes the Partnership, and any other possible recipients which may assist the Partnership (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held as long as is necessary to implement, administer and manage the Participant's participation in the Plan, as determined by the Partnership in its sole discretion. The Participant understands that he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke his or her consent, the Participant's employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Partnership would not be able to grant Deferred Units or other equity awards under the Plan, or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his or her consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

4. Language . The Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Furthermore, if the Participant receives this Award Agreement or any other document related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

5. Insider Trading Restrictions/Market Abuse Laws . The Participant acknowledges that the Participant may be subject to insider trading and/or market abuse laws based on the exchange on which the Blackstone Holdings Partnership Units are listed and in applicable jurisdictions including the United States and the Participant's country or the broker's country, if different, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Blackstone Holdings Partnership Units or rights to Blackstone Holdings Partnership Units (*e.g.* , Deferred Units) or rights linked to the value of Blackstone Holdings Partnership Units, during such times as the Participant is considered to have "inside information" regarding the Partnership (as defined by the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant may be prohibited

from (i) disclosing the inside information to any third party including colleagues of the Participant (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Partnership. The Participant is responsible for ensuring compliance with any applicable restrictions and should consult with his or her personal legal advisor on this matter.

6. Foreign Asset/Account, Exchange Control and Tax Reporting . The Participant acknowledges that, depending on his or her country, the Participant may be subject to foreign asset and/or account reporting requirements and exchange control regulations which may affect his or her ability to acquire or hold Blackstone Holdings Partnership Units under the Plan or cash received from participating in the Plan (including from any distributions received or sale proceeds arising from the sale of Blackstone Holdings Partnership Units in a brokerage or bank account outside of the Participant’s country. The Participant may also be required to repatriate sale proceeds or funds received as a result of his or her participation in the Plan to his or her country through a designated bank and/or broker within a certain time after receipt. In addition, the Participant may be subject to tax payments and/or other reporting obligations in connection with any income realized under the Plan, and or from the sale of the underlying Blackstone Holdings Partnership Units. The Participant acknowledges that he or she is responsible for ensuring compliance with any such requirements and is advised to consult with his or her personal legal advisors, as applicable, to ensure compliance.

APPENDIX B

TO

THE BLACKSTONE GROUP L.P.
2007 EQUITY INCENTIVE PLAN

SPECIAL EQUITY AWARD

DEFERRED UNIT AGREEMENT

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This Appendix B includes additional terms and conditions applicable to Participants in the countries below. These terms and conditions are in addition to, or, if so indicated, in place of, the terms and conditions set forth in the Award Agreement, including Appendix A. If the Participant is a citizen (or is considered as such for local purposes) of a country other than the country in which he or she is currently residing and/or working, or if he or she relocates to another country after the Deferred Units are granted, the Partnership will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to the Participant.

Notifications

This Appendix B also includes information regarding securities law, exchange controls and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2019. Such laws are often complex and change frequently. As a result, the Partnership strongly recommends that the Participant not rely on the information contained herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date by the time he or she vests in the Deferred Units or sells Blackstone Holdings Partnership Units acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Partnership is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Participant's particular situation.

Finally, if the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which he or she is currently residing and/or working, or if the Participant relocates to another country after the Deferred Units are granted, the notifications contained herein may not be applicable to him or her in the same manner.

AUSTRALIA

Notifications

Tax Information. Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Deferred Units granted in accordance with the terms and conditions of the Plan and this Award Agreement (subject to the requirements of the Income Tax Assessment Act 1997).

BRAZIL

Terms and Conditions

Compliance with Law. By accepting the Deferred Units, the Participant acknowledges that he or she will comply with applicable Brazilian laws and pay any applicable Tax-Related Items associated with the vesting and settlement of the Deferred Units and the sale of Blackstone Holdings Partnership Units under the Plan.

Nature of Grant. The follow provision supplements Section 16 of the main body of this Award Agreement and Section 1 of Appendix A:

By accepting the Deferred Units, the Participant acknowledges that (i) the grant of Deferred Units is not part of normal or expected compensation for any reason whatsoever and will have no impact on Participant's Employment or service relationship, (ii) the underlying Blackstone Holdings Partnership Units will be issued to the Participant only if the vesting conditions are met, and (iii) the value of the underlying Blackstone Holdings Partnership Units is not fixed and may increase or decrease without compensation to the Participant.

Notifications

Foreign Asset/Account Reporting Information. If the Participant is resident or domiciled in Brazil, the Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US$100,000. Assets and rights that must be reported include Blackstone Holdings Partnership Units acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

CANADA

Terms and Conditions

Delivery. Notwithstanding any discretion contained in Section 8 of the Plan, the grant of Deferred Units does not provide any right for the Participant to receive a cash payment and as provided in Section 4 of the main body of this Award Agreement, Vested Deferred Units will be satisfied through the delivery of Blackstone Holdings Partnership Units.

Termination of Employment . The following provision replaces Section 16(j) of the main body of this Award Agreement:

(j) for purposes of the Deferred Units, the Participant's Employment will be considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or otherwise rendering services or the terms of his or her employment or service agreement, if any) as of the date that is the earlier of (i) the date of the Participant's termination of Employment or (ii) the date the Participant is no longer actively providing service (regardless of any notice period or period of pay in lieu of such notice required under applicable Canadian employment laws (including, but not limited to statutory law, regulatory law and/or common law)). The Administrator will have exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Deferred Units (including whether the Participant may still be considered to be providing services while on a leave of absence).

Notifications

Securities Law Information . The Participant is permitted to sell Blackstone Holdings Partnership Units under the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Blackstone Holdings Partnership Units place outside of Canada through the facilities of a stock exchange on which the Blackstone Holdings Partnership Units are listed (*i.e.* , the New York Stock Exchange).

Foreign Asset/Account Reporting Information . Canadian resident Participants are required to report any specified foreign property on form T1135 (Foreign Income Verification Statement) if the total value of the specified foreign property exceeds C$ 100,000 at any time in the year. Specified foreign property includes Blackstone Holdings Partnership Units acquired under the Plan, and may include the Deferred Units. The Deferred Units must be reported (generally at a nil cost) if the C$ 100,000 cost threshold is exceeded because of other foreign property the Participant holds. If Blackstone Holdings Partnership Units are acquired, their cost generally is the adjusted cost base ("ACB") of the Blackstone Holdings Partnership Units. The ACB ordinarily would equal the fair market value of the Blackstone Holdings Partnership Units at the time of acquisition, but if the Participant owns other Blackstone Holdings Partnership Units, this ACB may have to be averaged with the ACB of the other Blackstone Holdings Partnership Units. The form must be filed by April 30 of the following year. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable reporting obligations.

CHINA

The following Terms and Conditions apply to Participants that are subject to the exchange control restrictions and regulations in the People's Republic of China (" China "), including the requirements imposed by the State Administration of Foreign Exchange (" SAFE "), as determined by the Partnership in its sole discretion.

Terms and Conditions

Delivery . Notwithstanding Section 4 of this Award Agreement, delivery of Blackstone Holdings Partnership Units is conditioned upon the Partnership securing and maintaining all necessary approvals from SAFE and any other applicable government entities in China to permit the operation of the Plan in China, as determined by the Partnership it its sole discretion. If or to the extent the Partnership is unable to complete the registration or maintain the registration, no Blackstone Holdings Partnership Units subject to the Deferred Units for which a registration cannot be completed or maintained shall be issued. In this case, the Partnership retains the discretion to settle any Deferred Units in cash paid through local payroll in an amount equal to the fair market value of the Blackstone Holdings Partnership Units on the settlement date, subject to the Deferred Units less any Tax-Related Items.

Exchange Control Restrictions . Exchange control restrictions apply to the remittance of funds into and out of China. In the event that Blackstone Holdings Partnership Units are delivered upon settlement of the Deferred Units, the Participant understands and agrees that, pursuant to local exchange control requirements, he or she will be required to immediately repatriate the cash proceeds from the sale of Blackstone Holdings Partnership Units and any cash distributions paid on such Blackstone Holdings Partnership Units to China. The Participant further understands that, under local law, such repatriation of cash proceeds may need to be effectuated through a special exchange control account established by the Partnership, the Employer or any other Affiliate, and the Participant hereby consents and agrees that any proceeds from the sale of Blackstone Holdings Partnership Units or any cash distributions paid on such Blackstone Holdings Partnership Units may be transferred to such special account prior to being delivered to the Participant.

The proceeds may be paid to the Participant in U.S. dollars or local currency at the Partnership's discretion. In the event the proceeds are paid to the Participant in U.S. dollars, he or she understands that he or she will be required to set up a U.S. dollar bank account in China and provide the bank account details to the Employer and/or the Partnership so that the proceeds may be deposited into this account. If the proceeds are paid to the Participant in local currency, the Partnership is under no obligation to secure any particular exchange conversion rate and/or conversion date and the Partnership may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time the Blackstone Holdings Partnership Units are sold or distributions are received and the time the proceeds are distributed through any such special exchange account. The Participant further agrees to comply with any other requirements that may be imposed by the Partnership in the future in order to facilitate compliance with exchange control requirements in China.

DENMARK

Terms and Conditions

Exclusion from Termination Indemnities and Other Benefits . This provision supplements Section 16 of the main body of this Award Agreement and Section 1 of Appendix A:

In accepting the Deferred Units, the Participant acknowledges that he or she understands and agrees that this grant relates to future services to be performed and is not a bonus or compensation for past services.

Notifications

Foreign Asset/Account Reporting Information . The prior rules that required the Participant to submit certain forms (Declaration V and Declaration K) to the Danish Tax Authorities reporting Blackstone Holdings Partnership Units held in foreign bank or brokerage accounts and deposit accounts with a foreign bank were eliminated as of January 1, 2019. Please note, however, that the Participant is required to report the foreign bank/brokerage accounts and their deposits and Blackstone Holdings Partnership Units held in foreign bank or brokerage accounts on his or her personal tax return under the section on foreign affairs and income.

FRANCE

Terms and Conditions

Language Consent . By Accepting the Award Agreement providing for the terms and conditions of the Participant’s grant, the Participant confirms having read and understood the documents relating to this grant (the Plan and the Award Agreement) which were provided in the English language. The Participant accepts the terms of these documents accordingly.

Consentement relatif à la réception d’ informations en langue anglaise . En acceptant le Contrat d’ Attribution décrivant les termes et conditions de l’ attribution, le Participant confirme ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d’ Attribution) qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.

Notifications

Foreign Asset/Account Reporting Information . The Participant may hold Blackstone Holdings Partnership Units acquired under the Plan provided the Participant declares all foreign bank and brokerage accounts (including accounts opened or closed during the tax year) in the Participant’s tax return. Failure to comply could trigger significant penalties.

GERMANY

Notifications

Exchange Control Information . Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In the event that the Participant makes or receives a payment in excess of this amount, he or she must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" (" *Allgemeines Meldeportal Statistik* ") available via Bundesbank's website (www.bundesbank.de).

Foreign Asset/Account Reporting Information . German residents holding Blackstone Holdings Partnership Units must notify their local tax office of the acquisition of Blackstone Holdings Partnership Units when they file their tax returns for the relevant year if the value of the Blackstone Holdings Partnership Units exceeds €150,000 or in the unlikely event that the resident holds Blackstone Holdings Partnership Units exceeding 10% of the Partnership's capital.

HONG KONG

Terms and Conditions

Restrictions on Sale of Blackstone Holdings Partnership Units . Any Blackstone Holdings Partnership Units received at vesting are accepted as a personal investment. In the event the Deferred Units vest and Blackstone Holdings Partnership Units are issued to the Participant within six months of the Date of Grant, the Participant agrees that he or she will not sell any Blackstone Holdings Partnership Units acquired prior to the six month anniversary of the Date of Grant.

Notifications

Securities Law Information . *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant is advised to exercise caution in relation to the offer. If the Participant is in any doubt about any of the contents of this document, he or she should obtain independent professional advice. Neither the grant of the Deferred Units nor the issuance of underlying Blackstone Holdings Partnership Units upon vesting of the RSUs constitutes a public offering of securities under Hong Kong law and is available only to employees of the Partnership and any Affiliate. This Award Agreement, the Plan and other incidental communication materials distributed in connection with the Deferred Units (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible employee of the Partnership or any Affiliate and may not be distributed to any other person.*

INDIA

Notifications

Exchange Control Information . Indian residents must repatriate any proceeds from the sale of Blackstone Holdings Partnership Units acquired under the Plan or the receipt of any distributions paid on such Blackstone Holdings Partnership Units to India and convert the proceeds into local currency within a certain period after receipt (90 days for sale proceeds and 180 days for distributions, or such other period of time as may be required under

applicable regulations). The Participant will receive a foreign inward remittance certificate (" FIRC ") from the bank where he or she deposits the foreign currency. The Participant should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. The Participant acknowledges that it is the Participant's sole responsibility to comply with the applicable exchange control laws in India.

Foreign Asset/Account Reporting Information . Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including Blackstone Holdings Partnership Units held outside of India) in their annual tax returns. The Participant is responsible for complying with this reporting obligation and should consult with his or her personal tax advisor in this regard.

IRELAND

Terms and Conditions

Nature of Grant . The following provision supplements Section 16 of the main body of this Award Agreement and Section 1 of Appendix A:

By accepting the Deferred Units, the Participant acknowledges that any Deferred Units granted to him or her by the Partnership are separate from any compensation or employment benefits offered to the Participant by the Employer, and that the Deferred Units shall not be considered employment-related compensation for any purposes, including any severance or termination payment made to the Participant by the Employer as a result of his or her termination of Employment.

ITALY

Terms and Conditions

Grant Terms Acknowledgment . By accepting the Deferred Units, the Participant acknowledges having received and reviewed the Plan and this Award Agreement, in their entirety and fully understands and accepts all provisions of the Plan and this Award Agreement. The Participant further acknowledges that he or she has specifically read and expressly approves the following provisions of this Award Agreement: Sections 3, 4, 13, 14, 22 and section 3 of Appendix A.

Notifications

Foreign Asset/Account Reporting Information . Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Blackstone Holdings Partnership Units) which may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions. The Participant should consult his or her personal tax advisor to ensure compliance with applicable reporting obligations.

JAPAN

Notifications

Foreign Asset/Account Reporting Information . The Participant is required to report the details of any assets held outside of Japan (including Blackstone Holdings Partnership Units acquired under the Plan as of December 31), to the extent such assets have a total net fair market value exceeding ¥50 million. Such report will be due by March 15 of the following year. The Participant should consult with his or her personal tax advisor to determine if the reporting obligation applies to his or her personal situation.

LUXEMBOURG

There are no country-specific provisions.

MEXICO

Labor Law Acknowledgment . These provisions supplement Section 16 of the main body of this Award Agreement and Section 1 of Appendix A :

By accepting the Deferred Units, the Participant understands and agrees that: (i) the Deferred Units are not related to the salary or other contractual benefits granted to the Participant by the Employer; and (ii) any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's Employment.

In addition, by signing below, the Participant further acknowledges having read and specifically and expressly approved the terms and conditions in this Award Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Partnership on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Partnership and its Affiliates are not responsible for any decrease in the value of the underlying Blackstone Holdings Partnership Units.

Policy Statement . The invitation the Partnership is making under the Plan is unilateral and discretionary and, therefore, the Partnership reserves the absolute right to amend and discontinue the Plan at any time, pursuant to the terms of the Plan, without any liability to the Participant.

The Partnership, with registered offices at 345 Park Avenue, New York, NY 10154, U.S., is solely responsible for the administration of the Plan and participation in the Plan. The acquisition of Blackstone Holdings Partnership Units does not, in any way, establish an employment relationship between the Participant and the Partnership since the Participant is participating in the Plan on a solely commercial basis and his or her sole employer is BX Real Estate Mexico Sociedad Civil.

Finally, the Participant does not reserve any action or right to bring any claim against the Partnership for any compensation or damages as a result of participation in the Plan and he or she therefore grants a full and broad release to the Employer, the Partnership and its other Affiliates with respect to any claim that may arise under or in relation to the Plan.

Plan Document Acknowledgment . By accepting the Deferred Units, the Participant acknowledges having received a copy of the Plan, having reviewed the Plan and this Award Agreement in their entirety and fully understood and accepted all provisions of the Plan and the Award Agreement.

Spanish Translation

Reconocimiento de la Ley Laboral **:** *Estas disposiciones complementan la Sección 16 del cuerpo principal de este Convenio del Otorgamiento y la Sección 1 del Apéndice A:*

Al aceptar las Unidades Diferidas, el Participante reconoce y acepta que: (i) las Unidades Diferidas no se encuentran relacionadas con el salario ni con otras prestaciones contractuales concedidas al Participante por parte del Empleador; y (ii) cualquier modificación del Plan o la terminación del mismo no constituye un cambio o impedimento de los términos y condiciones del Empleo del Participante.

Adicionalmente, al firmar el presente documento, el Participante reconoce que ha leído y que aprueba específica y expresamente los términos y condiciones contenidos en este Convenio del Otorgamiento, en los cuales se encuentran claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Sociedad de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Sociedad, así como sus Afiliadas no son responsables por cualquier disminución en el valor de las Unidades Comunes subyacentes.

Declaración de Política . La invitación por parte de la Sociedad bajo el Plan es unilateral y discrecional y, por lo tanto, la Sociedad se reserva el derecho absoluto de modificar y discontinuar el Plan en cualquier tiempo, de acuerdo con los términos del Plan, sin ninguna responsabilidad hacia el Participante.

La Sociedad, con oficinas registradas ubicadas en 345 Park Avenue, New York, NY, 10154, EE.UU., es la única responsable por la administración del Plan y de la participación en el mismo. La adquisición de Unidades Comunes no establece de forma alguna, una relación laboral entre el Participante y la Sociedad, ya que la participación en el Plan es completamente comercial y el único patrón es BX Real Estate México Sociedad Civil.

Finalmente, el Participante declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Sociedad por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio finiquito al Empleador, la Sociedad y sus otras Afiliadas con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

Reconocimiento dede Documentos del Plan . Al aceptar las Unidades Diferidas, el Participante reconoce que ha recibido una copia del Plan, que ha revisado el Plan y este Convenio del Otorgamiento en su totalidad, y que los ha entendido completamente y acepta todas las disposiciones contenidas en el Pan y en el Convenio del Otorgamiento.

SINGAPORE

Terms and Conditions

Restrictions on Sale and Transferability . The Participant hereby agrees that any Blackstone Holdings Partnership Units acquired will not be offered for sale in Singapore prior to the six month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (" SFA "), or pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notifications

Securities Law Information . The grant is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the SFA, on which basis it is exempt from the prospectus and registration requirements under the SFA and is not made to the Participant with a view to the Deferred Units or the Blackstone Holdings Partnership Units being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer/Director Notification Obligation . If the Participant is the chief executive officer (" CEO ") or a director, associate director or shadow director of a Singaporean affiliate of the Partnership, the Participant is subject to certain notification requirements under the Singapore Companies Act. Directors and CEOs must notify the Singaporean affiliate in writing of an interest (*e.g.,* Deferred Units, Blackstone Holdings Partnership Units) in the Partnership or any related affiliates within two business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (e.g., when the Blackstone Holdings Partnership Units are sold), or (iii) becoming a director / CEO.

SOUTH KOREA

Notifications

Foreign Asset/Account Reporting Information . Korean residents must declare all foreign financial accounts (*i.e.,* non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the monthly balance of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end during a calendar year. The Participant should consult with his or her personal tax advisor to determine the Participant's personal reporting obligations.

SPAIN

Terms and Conditions

No Entitlement or Claims for Compensation . By accepting the grant, the Participant consents to participation in the Plan and acknowledges that he or she has received a copy of the Plan document.

The Participant understands that the Partnership has unilaterally, gratuitously and in its sole discretion decided to grant Deferred Units under the Plan to individuals who may be employees throughout the world. The decision is limited and entered into based upon the express assumption and condition that any grant will not economically or otherwise bind the Partnership or any Affiliate, on an ongoing basis, other than as expressly set forth in this Award Agreement. Consequently, the Participant understands that the grant is given on the assumption and condition that the Deferred Units or underlying Blackstone Holdings Partnership Units acquired upon vesting shall not become part of any employment or other service contract (whether with the Partnership or any Affiliate) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Deferred Units shall be null and void.

Further, the vesting of the Deferred Units is expressly conditioned on the Participant's continued and active rendering of service, such that if the Participant's Employment terminates the Deferred Units cease vesting immediately effective on the date of the Participant's termination of Employment, unless otherwise provided in this Award Agreement. This will be the case if the Participant's Employment terminates for any reason including, but not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (i.e., subject to a " *despido improcedente* "), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, and/or Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

Notifications

Securities Law Information . No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of Deferred Units under the Plan. The Plan and this Award Agreement, have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* , and do not constitute a public offering prospectus.

Exchange Control Information . The Participant must declare the acquisition, ownership and disposition of Blackstone Holdings Partnership Units to the *Spanish Dirección General de Comercio e Inversiones* (" DGCI ") of the Ministry of Economy and Competitiveness on a Form D-6. Generally, the declaration must be made in January for Blackstone Holdings Partnership Units owned as of December 31 of the prior year and/or Blackstone Holdings Partnership Units acquired or disposed of during the prior year; however, if the value of the Blackstone Holdings Partnership Units acquired or disposed of or the amount of the sale proceeds exceeds €1,502,530 (or if the Participant holds 10% or more of the share capital of the Partnership or other such amount that would entitle the Participant to join the Board), the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, the Participant may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including Blackstone Holdings Partnership Units acquired under the Plan), and any transactions with non-Spanish residents (including any payments of Blackstone Holdings Partnership Units made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

The Participant should consult with his or her personal advisor to determine the Participant's obligations in this respect.

Foreign Asset/Account Reporting Information . To the extent that the Participant holds rights or assets (*e.g.,* cash or Blackstone Holdings Partnership Units held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset as of December 31 each year (or at any time during the year in which the Participant sells or disposes of such right or asset), the Participant is required to report information on such rights and assets on his or her tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000 of if the Participant sells or otherwise disposes of previously-reported rights or assets. The Participant should consult with his or her personal tax advisor to ensure compliance with applicable reporting requirements.

UNITED ARAB EMIRATES

Terms and Conditions

Nature of Gran t. This provision supplements Section 16 of the main body of this Award Agreement and Section 1 of Appendix A:

The Participant acknowledges that the Deferred Units and related benefits do not constitute a component of the Participant's "wages" for any legal purpose. Therefore, the Deferred Units and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which may be payable.

Notifications

Securities Law Information . The grant of Deferred Units is being offered only to eligible individuals under the Plan and is in the nature of providing equity incentives to employees in the United Arab Emirates. The Plan and the Award Agreement are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying the documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the Plan or this Award Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

UNITED KINGDOM

Terms and Conditions

Withholding . The following provisions further supplement Section 13 of this Award Agreement:

Without limitation to any provision of the Award Agreement, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Partnership or the Employer or by Her Majesty's Revenue & Customs (" HRMC ") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Partnership and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on the Participant's behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, in the event that the Participant is a director or executive officer of the Partnership (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the Participant understands that he or she may not be able to indemnify the Partnership for the amount of any income tax not collected from or paid by the Participant, in case the indemnification could be considered to be a loan. In this case, the income tax not collected or paid may constitute a benefit to the Participant on which additional income tax and National Insurance contributions may be payable. The Participant understands that he or she will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Partnership or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may also be recovered from the Participant at any time by any of the means referred to in this Section 13.

Exhibit 21.1

LIST OF SUBSIDIARIES

The following are subsidiaries of The Blackstone Group L.P. as of December 31, 2018 and the jurisdictions in which they are organized.

Name	Jurisdiction of Incorporation or Organization
601 Shared Services L.L.C.	Delaware
BCEP GP L.L.C.	Delaware
BCEP LR Associates (Cayman) Ltd.	Cayman Islands
BCEP Side-by-Side GP L.L.C.	Delaware
BCEP Side-by-Side GP NQ L.L.C.	Delaware
BCLA L.L.C.	Delaware
BCLO Advisors L.L.C.	Delaware
BCOM Side-by-Side GP L.L.C.	Delaware
BCP Asia Mustang ESC 1 (Cayman) L.P.	Cayman Islands
BCP Asia Mustang ESC 2 (Cayman) L.P.	Cayman Islands
BCP Asia Side-by-Side GP L.L.C.	Delaware
BCP Asia Side-by-Side GP NQ L.L.C.	Delaware
BCP CC Holdings GP L.L.C.	Delaware
BCP IV GP L.L.C.	Delaware
BCP IV Side-by-Side GP L.L.C.	Delaware
BCP SGP IV GP L.L.C.	Delaware
BCP V GP L.L.C.	Delaware
BCP V Side-by-Side GP L.L.C.	Delaware
BCP V USS Side-by-Side GP L.L.C.	Delaware
BCP VI GP L.L.C.	Delaware
BCP VI SBS ESC Holdco L.P.	Delaware
BCP VI Side-by-Side GP L.L.C.	Delaware
BCP VII ESC Mime (Cayman) Ltd.	Cayman Islands
BCP VII GP L.L.C.	Delaware
BCP VII Mustang ESC 1 (Cayman) L.P.	Cayman Islands
BCP VII Mustang ESC 2 (Cayman) L.P.	Cayman Islands
BCP VII NQ GP L.L.C.	Delaware
BCP VII Side-by-Side GP L.L.C.	Delaware
BCP VII Side-by-Side GP NQ L.L.C.	Delaware
BCP VI-NQ Side-by-Side GP L.L.C.	Delaware
BCP V-NQ (Cayman II) GP L.L.C.	Delaware
BCP V-NQ GP L.L.C.	Delaware
BCRED Holdings (Cayman) - S L.L.C.	Delaware
BCVA L.L.C.	Delaware
BCVP Side-by-Side GP L.L.C.	Delaware
BEP GP L.L.C.	Delaware
BEP II ESC Mime (Cayman) Ltd.	Cayman Islands
BEP II GP L.L.C.	Delaware
BEP II Side-by-Side GP L.L.C.	Delaware
BEP II Side-by-Side GP NQ L.L.C.	Delaware
BEP NQ Side-by-Side GP L.L.C.	Delaware
BEP Side-by-Side GP L.L.C.	Delaware

Name	Jurisdiction of Incorporation or Organization
BFIP (Cayman) Salt VI Ltd.	Cayman Islands
BFIP (Cayman) Salt VI-ESC Ltd.	Cayman Islands
BG(HK)L Holdings L.L.C.	Delaware
BIA (Cayman) GP L.L.C.	Delaware
BIA (Cayman) GP L.P.	Cayman Islands
BIA (Cayman) GP NQ L.L.C.	Delaware
BIA (Cayman) GP NQ L.P.	Cayman Islands
BIA (Lux) GP L.L.C.	Delaware
BIA GP L.P.	Delaware
BIA GP NQ L.P.	Delaware
BISA Co-Invest Associates L.L.C.	Delaware
Bison RC Option Associates LLC	Delaware
Blackstone (China) Equity Investment Management Company Limited	China
Blackstone (FM) Real Estate LLP	United Kingdom
Blackstone (FM) Real Estate Supervisory GP LLP	United Kingdom
Blackstone (Shanghai) Equity Investment Management Company Limited	China
Blackstone / GSO Debt Funds Europe Limited	Jersey
Blackstone / GSO Debt Funds Management Europe II Limited	Ireland
Blackstone / GSO Debt Funds Management Europe Limited	Ireland
Blackstone / GSO Global Dynamic Credit Feeder Fund (Cayman) LP	Cayman Islands
Blackstone / GSO Global Dynamic Credit Funding Designated Activity Company	Ireland
Blackstone / GSO Global Dynamic Credit Master Fund	Ireland
Blackstone / GSO Global Dynamic Credit USD Feeder Fund (Ireland)	Ireland
Blackstone / GSO US Corporate Funding, Ltd.	Cayman Islands
Blackstone Administrative Services Partnership L.P.	Delaware
Blackstone Advisors India Private Limited	India
Blackstone Advisory Partners L.P.	Delaware
Blackstone Advisory Services L.L.C.	Delaware
Blackstone AG Associates L.P.	Cayman Islands
Blackstone AG L.L.C.	Delaware
Blackstone AG Ltd.	Cayman Islands
Blackstone Alternative Asset Management Associates LLC	Delaware
Blackstone Alternative Asset Management L.P.	Delaware
Blackstone Alternative Investment Advisors LLC	Delaware
Blackstone Alternative Solutions L.L.C.	Delaware
Blackstone Asia Family Investment Partnership - ESC (Cayman) - NQ L.P.	Cayman Islands
Blackstone Asia Family Investment Partnership - ESC (Cayman) L.P.	Cayman Islands
Blackstone Assessoria em Investimentos Ltda	Brazil
Blackstone BCLP Associates (Cayman) Ltd.	Cayman Islands
Blackstone BGSL Holdings LLC	Delaware
Blackstone Capital Partners Holdings Director L.L.C.	Delaware
Blackstone Catalyst Holdco L.L.C.	Delaware
Blackstone CEMA L.L.C.	Delaware
Blackstone CEMA NQ L.L.C.	Delaware
Blackstone Clarus DE L.L.C.	Delaware
Blackstone Clarus GP L.L.C.	Delaware
Blackstone Clarus GP L.P.	Delaware
Blackstone Clarus I L.L.C.	Delaware
Blackstone Clarus II L.L.C.	Delaware

Name	Jurisdiction of Incorporation or Organization
Blackstone Clarus III L.L.C.	Delaware
Blackstone Clean Technology Advisors L.L.C.	Delaware
Blackstone Clean Technology Associates L.L.C	Delaware
Blackstone Commercial Real Estate Debt Associates L.L.C.	Delaware
Blackstone Commercial Real Estate Debt Associates-NQ L.L.C.	Delaware
Blackstone Communications Advisors I L.L.C.	Delaware
Blackstone Communications GP L.L.C.	Delaware
Blackstone Communications Management Associates (Cayman) L.P.	Cayman Islands
Blackstone Communications Management Associates I L.L.C.	Delaware
Blackstone Core Equity Advisors L.L.C.	Delaware
Blackstone Core Equity Management Associates (Cayman) L.P.	Cayman Islands
Blackstone Core Equity Management Associates L.L.C.	Delaware
Blackstone Core Equity Management Associates NQ L.L.C.	Delaware
Blackstone Credit Liquidity Associates (Cayman) L.P.	Cayman Islands
Blackstone Credit Liquidity Associates L.L.C.	Delaware
Blackstone Credit Liquidity GP L.P.	Delaware
Blackstone Credit Liquidity Partners GP L.L.C.	Delaware
Blackstone Dawn Holdings ESC (Cayman) Ltd	Cayman Islands
Blackstone DD Advisors L.L.C.	Delaware
Blackstone DD Associates L.L.C.	Delaware
Blackstone Debt Advisors L.P.	Delaware
Blackstone DL Mezzanine Associates L.P.	Delaware
Blackstone DL Mezzanine Management Associates L.L.C.	Delaware
Blackstone EMA II L.L.C.	Delaware
Blackstone EMA II NQ L.L.C.	Delaware
Blackstone EMA III (Lux) L.L.C.	Delaware
Blackstone EMA III L.L.C.	Delaware
Blackstone EMA L.L.C.	Delaware
Blackstone EMA NQ L.L.C.	Delaware
Blackstone Energy Family Investment Partnership (Cayman) ESC L.P.	Cayman Islands
Blackstone Energy Family Investment Partnership (Cayman) II - ESC L.P.	Cayman Islands
Blackstone Energy Family Investment Partnership (Cayman) L.P.	Cayman Islands
Blackstone Energy Family Investment Partnership ESC L.P.	Delaware
Blackstone Energy Family Investment Partnership II - ESC L.P.	Delaware
Blackstone Energy Family Investment Partnership II - ESC NQ L.P.	Delaware
Blackstone Energy Family Investment Partnership L.P.	Delaware
Blackstone Energy Family Investment Partnership NQ ESC L.P.	Delaware
Blackstone Energy LR Associates (Cayman) II Ltd.	Cayman Islands
Blackstone Energy LR Associates (Cayman) Ltd.	Cayman Islands
Blackstone Energy Management Associates (Cayman) II L.P.	Cayman Islands
Blackstone Energy Management Associates (Cayman) L.P.	Cayman Islands
Blackstone Energy Management Associates II L.L.C.	Delaware
Blackstone Energy Management Associates II NQ L.L.C.	Delaware
Blackstone Energy Management Associates III (Lux) S.à r.l.	Luxembourg
Blackstone Energy Management Associates III L.L.C.	Delaware
Blackstone Energy Management Associates L.L.C.	Delaware
Blackstone Energy Management Associates NQ L.L.C.	Delaware
Blackstone Europe Fund Management S.à r.l.	Luxembourg
Blackstone Family Cleantech Investment Partnership L.P.	Delaware

Name	Jurisdiction of Incorporation or Organization
Blackstone Family Communications Partnership (Cayman) L.P.	Cayman Islands
Blackstone Family Communications Partnership I L.P.	Delaware
Blackstone Family Core Equity Partnership - ESC L.P.	Delaware
Blackstone Family Core Equity Partnership - ESC NQ L.P.	Delaware
Blackstone Family Core Equity Partnership (Cayman) - ESC L.P.	Cayman Islands
Blackstone Family GP L.L.C.	Delaware
Blackstone Family Investment Partnership (Cayman) IV-A L.P.	Cayman Islands
Blackstone Family Investment Partnership (Cayman) V L.P.	Cayman Islands
Blackstone Family Investment Partnership (Cayman) VI - ESC L.P.	Cayman Islands
Blackstone Family Investment Partnership (Cayman) VI L.P.	Cayman Islands
Blackstone Family Investment Partnership (Cayman) VII - ESC NQ L.P.	Cayman Islands
Blackstone Family Investment Partnership (Cayman) VII - ESC L.P.	Cayman Islands
Blackstone Family Investment Partnership (Delaware) V-NQ L.P.	Delaware
Blackstone Family Investment Partnership IV - A L.P.	Delaware
Blackstone Family Investment Partnership V L.P.	Delaware
Blackstone Family Investment Partnership V Prime L.P.	Delaware
Blackstone Family Investment Partnership V USS L.P.	Delaware
Blackstone Family Investment Partnership VI - ESC L.P.	Delaware
Blackstone Family Investment Partnership VI L.P.	Delaware
Blackstone Family Investment Partnership VII - ESC L.P.	Delaware
Blackstone Family Investment Partnership VII-ESC NQ L.P.	Delaware
Blackstone Family Investment Partnership VI-NQ ESC L.P.	Delaware
Blackstone Family Investment Partnership VI-NQ L.P.	Delaware
Blackstone Family Real Estate Debt Strategies II - ESC L.P.	Delaware
Blackstone Family Real Estate Debt Strategies II - Side-by-Side GP L.L.C.	Delaware
Blackstone Family Real Estate Debt Strategies III - ESC L.P.	Delaware
Blackstone Family Real Estate Debt Strategies III Side-by-Side GP L.L.C.	Delaware
Blackstone Family Real Estate Partnership III L.P.	Delaware
Blackstone Family Tactical Opportunities FCC Investment Partnership - NQ - ESC L.P.	Delaware
Blackstone Family Tactical Opportunities FCC Investment Partnership-NQ L.P.	Delaware
Blackstone Family Tactical Opportunities Investment Partnership - NQ - ESC L.P.	Delaware
Blackstone Family Tactical Opportunities Investment Partnership - NQ L.P.	Delaware
Blackstone Family Tactical Opportunities Investment Partnership (Cayman) - NQ - ESC L.P.	Cayman Islands
Blackstone Family Tactical Opportunities Investment Partnership (Cayman) - NQ L.P.	Cayman Islands
Blackstone Family Tactical Opportunities Investment Partnership (Cayman) ESC L.P.	Cayman Islands
Blackstone Family Tactical Opportunities Investment Partnership ESC L.P.	Delaware
Blackstone Family Tactical Opportunities Investment Partnership III - NQ - ESC L.P.	Delaware
Blackstone Family Tactical Opportunities Investment Partnership III (Cayman) - NQ - ESC L.P.	Cayman Islands
Blackstone Family Tactical Opportunities Investment Partnership III (Cayman) ESC L.P.	Cayman Islands
Blackstone Family Tactical Opportunities Investment Partnership III (Cayman) NQ L.P.	Cayman Islands
Blackstone Family Tactical Opportunities Investment Partnership III ESC L.P.	Delaware
Blackstone FI Mezzanine (Cayman) Ltd.	Cayman Islands
Blackstone FI Mezzanine Associates (Cayman) L.P.	Cayman Islands
Blackstone GPV Tactical Partners (Mauritius) - N Ltd.	Mauritius
Blackstone Group Holdings L.L.C.	Delaware
Blackstone Group Holdings L.P.	Delaware

Name	Jurisdiction of Incorporation or Organization
Blackstone Group International Holdings L.L.C.	Delaware
Blackstone Harrington Associates L.L.C.	Delaware
Blackstone Harrington Holdings Ltd.	Cayman Islands
Blackstone Holdings AI L.P.	Delaware
Blackstone Holdings Finance Co. L.L.C.	Delaware
Blackstone Holdings I - Sub (BAAM) GP L.L.C.	Delaware
Blackstone Holdings I L.P.	Delaware
Blackstone Holdings I/II GP Inc.	Delaware
Blackstone Holdings II L.P.	Delaware
Blackstone Holdings III GP L.P.	Delaware
Blackstone Holdings III GP Limited Partner L.L.C.	Delaware
Blackstone Holdings III GP Management L.L.C.	Delaware
Blackstone Holdings III GP Sub L.L.C.	Delaware
Blackstone Holdings III L.P.	Canada
Blackstone Holdings IV GP L.P.	Canada
Blackstone Holdings IV GP Limited Partner L.L.C.	Delaware
Blackstone Holdings IV GP Management (Delaware) L.P.	Delaware
Blackstone Holdings IV GP Management L.L.C.	Delaware
Blackstone Holdings IV L.P.	Canada
Blackstone Infrastructure Advisors L.L.C.	Delaware
Blackstone Infrastructure Associates (Cayman) L.P.	Cayman Islands
Blackstone Infrastructure Associates (Cayman) NQ L.P.	Cayman Islands
Blackstone Infrastructure Associates (Lux) S.à r.l.	Luxembourg
Blackstone Infrastructure Associates L.P.	Delaware
Blackstone Infrastructure Associates Ltd.	Cayman Islands
Blackstone Infrastructure Associates NQ L.P.	Delaware
Blackstone Infrastructure Associates NQ Ltd.	Cayman Islands
Blackstone Infrastructure Partners Holdings Director L.L.C.	Delaware
Blackstone Innovations (Cayman) III L.P.	Cayman Islands
Blackstone Innovations III L.L.C.	Delaware
Blackstone Innovations L.L.C.	Delaware
Blackstone Intermediary Holdco L.L.C.	Delaware
Blackstone ISG-I Advisors L.L.C.	Delaware
Blackstone ISG-II Advisors L.L.C.	Delaware
Blackstone Korea Advisors L.L.C.	Delaware
Blackstone Korea Advisors Ltd.	Korea, Republic of
Blackstone Liberty Place Associates L.P.	Delaware
Blackstone Liberty Place L.L.C.	Delaware
Blackstone Life Sciences Advisors L.L.C.	Delaware
Blackstone LR Associates (Cayman) IV Ltd.	Cayman Islands
Blackstone LR Associates (Cayman) V Ltd.	Cayman Islands
Blackstone LR Associates (Cayman) VI Ltd.	Cayman Islands
Blackstone LR Associates (Cayman) VII Ltd.	Cayman Islands
Blackstone LR Associates (Cayman) VII NQ Ltd.	Cayman Islands
Blackstone LR Associates (Cayman) VIII Ltd.	Cayman Islands
Blackstone LR Associates (Cayman) V-NQ Ltd.	Cayman Islands
Blackstone Management Associates (Cayman II) V-NQ L.P.	Cayman Islands
Blackstone Management Associates (Cayman) IV L.P.	Cayman Islands
Blackstone Management Associates (Cayman) V L.P.	Cayman Islands

Name	Jurisdiction of Incorporation or Organization
Blackstone Management Associates (Cayman) VI L.P.	Cayman Islands
Blackstone Management Associates (Cayman) VII L.P.	Cayman Islands
Blackstone Management Associates (Cayman) VII NQ L.P.	Cayman Islands
Blackstone Management Associates (Cayman) V-NQ L.P.	Cayman Islands
Blackstone Management Associates Asia (Lux) S.à r.l.	Luxembourg
Blackstone Management Associates Asia L.P.	Cayman Islands
Blackstone Management Associates Asia NQ L.P.	Cayman Islands
Blackstone Management Associates IV L.L.C.	Delaware
Blackstone Management Associates V L.L.C.	Delaware
Blackstone Management Associates V USS L.L.C.	Delaware
Blackstone Management Associates VI L.L.C.	Delaware
Blackstone Management Associates VII L.L.C.	Delaware
Blackstone Management Associates VII NQ L.L.C.	Delaware
Blackstone Management Associates VI-NQ L.L.C.	Delaware
Blackstone Management Partners (India) L.L.C.	Delaware
Blackstone Management Partners III L.L.C.	Delaware
Blackstone Management Partners IV L.L.C.	Delaware
Blackstone Management Partners L.L.C.	Delaware
Blackstone Mezzanine Advisors L.P.	Delaware
Blackstone Mezzanine Associates II L.P.	Delaware
Blackstone Mezzanine Associates II USS L.P.	Delaware
Blackstone Mezzanine Associates L.P.	Delaware
Blackstone Mezzanine GP L.L.C.	Delaware
Blackstone Mezzanine Holdings II L.P.	Delaware
Blackstone Mezzanine Holdings II USS L.P.	Delaware
Blackstone Mezzanine Management Associates II L.L.C.	Delaware
Blackstone Mezzanine Management Associates II USS L.L.C.	Delaware
Blackstone Mezzanine Management Associates L.L.C.	Delaware
Blackstone Multi-Asset (Cayman) - NQ GP L.P.	Cayman Islands
Blackstone Multi-Asset Advisors L.L.C.	Delaware
Blackstone Multi-Asset Private Associates L.L.C.	Delaware
Blackstone OBS Associates L.P.	Cayman Islands
Blackstone OBS L.L.C.	Delaware
Blackstone OBS Ltd.	Cayman Islands
Blackstone Participation Partnership (Cayman) IV L.P.	Cayman Islands
Blackstone Participation Partnership (Cayman) V L.P.	Cayman Islands
Blackstone Participation Partnership (Delaware) V-NQ L.P.	Delaware
Blackstone Participation Partnership IV L.P.	Delaware
Blackstone Participation Partnership V L.P.	Delaware
Blackstone Participation Partnership V Prime L.P.	Delaware
Blackstone Participation Partnership V USS L.P.	Delaware
Blackstone PAT Holdings IV, L.L.C.	Delaware
Blackstone PB I L.L.C.	Delaware
Blackstone PB II L.L.C.	Delaware
Blackstone PBPEF V L.P.	Cayman Islands
Blackstone PBPIF III L.P.	Cayman Islands
Blackstone PBREF III L.P.	Cayman Islands
Blackstone Pearl Luxembourg S.à r.l.	Luxembourg
Blackstone PFF I L.P.	Cayman Islands

Name	Jurisdiction of Incorporation or Organization
Blackstone PIF IV L.P.	Cayman Islands
Blackstone PM (Germany) GmbH	Germany
Blackstone Power & Natural Resources Holdco G.P. LLC	Delaware
Blackstone Property Advisors L.P.	Delaware
Blackstone Property Associates Asia (Lux) S.à r.l.	Luxembourg
Blackstone Property Associates Asia L.P.	Cayman Islands
Blackstone Property Associates Asia Ltd	Cayman Islands
Blackstone Property Associates Europe (Delaware) L.L.C.	Delaware
Blackstone Property Associates Europe (Lux) S.à r.l.	Luxembourg
Blackstone Property Associates Europe L.P.	Cayman Islands
Blackstone Property Associates Europe Ltd.	Cayman Islands
Blackstone Property Associates International L.P.	Cayman Islands
Blackstone Property Associates International-NQ L.P.	Cayman Islands
Blackstone Property Associates L.L.C.	Delaware
Blackstone Property Associates L.P.	Delaware
Blackstone Property Holdings Director L.L.C.	Delaware
Blackstone Property International L.L.C.	Delaware
Blackstone Property International Ltd.	Cayman Islands
Blackstone Property International-NQ L.L.C.	Delaware
Blackstone Property Management L.L.C.	Delaware
Blackstone Property Management Limited	United Kingdom
Blackstone Property Management SARL	France
Blackstone Real Estate (Cayman) IV Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) V Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) VI Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) VII Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) VIII Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) VIII-NQ Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) VII-NQ Ltd.	Cayman Islands
Blackstone Real Estate (Cayman) VI-Q Ltd.	Cayman Islands
Blackstone Real Estate (Chiswick) Holdings, L.P.	Cayman Islands
Blackstone Real Estate Advisors Europe L.P.	Delaware
Blackstone Real Estate Advisors III L.P.	Delaware
Blackstone Real Estate Advisors International L.L.C.	Delaware
Blackstone Real Estate Advisors IV L.L.C.	Delaware
Blackstone Real Estate Advisors L.P.	Delaware
Blackstone Real Estate Advisors V L.P.	Delaware
Blackstone Real Estate Associates (Alberta) IV L.P.	Canada
Blackstone Real Estate Associates (Offshore) V L.P.	Canada
Blackstone Real Estate Associates (Offshore) VI L.P.	Canada
Blackstone Real Estate Associates (Offshore) VII L.P.	Canada
Blackstone Real Estate Associates (Offshore) VIII L.P.	Cayman Islands
Blackstone Real Estate Associates (Offshore) VIII-NQ L.P.	Cayman Islands
Blackstone Real Estate Associates (Offshore) VII-NQ L.P.	Canada
Blackstone Real Estate Associates (Offshore) VI-Q L.P.	Canada
Blackstone Real Estate Associates Asia II - Q L.P.	Cayman Islands
Blackstone Real Estate Associates Asia II (Lux) S.à r.l.	Luxembourg
Blackstone Real Estate Associates Asia II L.P.	Cayman Islands
Blackstone Real Estate Associates Asia L.P.	Cayman Islands

Name	Jurisdiction of Incorporation or Organization
Blackstone Real Estate Associates Asia-NQ L.P.	Cayman Islands
Blackstone Real Estate Associates Europe (Delaware) III L.L.C.	Delaware
Blackstone Real Estate Associates Europe (Delaware) III-NQ L.L.C.	Delaware
Blackstone Real Estate Associates Europe (Delaware) IV L.L.C.	Delaware
Blackstone Real Estate Associates Europe (Delaware) IV-NQ L.L.C.	Delaware
Blackstone Real Estate Associates Europe (Delaware) V L.L.C.	Delaware
Blackstone Real Estate Associates Europe (Delaware) V-NQ L.L.C.	Delaware
Blackstone Real Estate Associates Europe III L.P.	Delaware
Blackstone Real Estate Associates Europe III-NQ L.P.	Delaware
Blackstone Real Estate Associates Europe IV L.P.	Cayman Islands
Blackstone Real Estate Associates Europe IV-NQ L.P.	Cayman Islands
Blackstone Real Estate Associates Europe V L.P.	Cayman Islands
Blackstone Real Estate Associates Europe VI (Lux) S.à r.l.	Luxembourg
Blackstone Real Estate Associates Europe V-NQ L.P.	Cayman Islands
Blackstone Real Estate Associates International (Delaware) II L.L.C.	Delaware
Blackstone Real Estate Associates International (Delaware) L.L.C.	Delaware
Blackstone Real Estate Associates International II L.P.	Delaware
Blackstone Real Estate Associates International L.P.	Delaware
Blackstone Real Estate Associates IV L.P.	Delaware
Blackstone Real Estate Associates IX (Lux) S.à r.l.	Luxembourg
Blackstone Real Estate Associates IX L.P.	Delaware
Blackstone Real Estate Associates V L.P.	Delaware
Blackstone Real Estate Associates VI - NQ L.P.	Delaware
Blackstone Real Estate Associates VI L.L.C.	Delaware
Blackstone Real Estate Associates VI L.P.	Delaware
Blackstone Real Estate Associates VI-ESH L.P.	Delaware
Blackstone Real Estate Associates VII L.P.	Delaware
Blackstone Real Estate Associates VIII L.P.	Delaware
Blackstone Real Estate Associates VIII-NQ L.P.	Delaware
Blackstone Real Estate Associates VII-NQ L.P.	Delaware
Blackstone Real Estate Australia Pty Limited	Australia
Blackstone Real Estate Capital GP Asia LLP	United Kingdom
Blackstone Real Estate Capital GP VII L.L.P.	United Kingdom
Blackstone Real Estate Capital GP VIII LLP	United Kingdom
Blackstone Real Estate Capital UK Asia Limited	United Kingdom
Blackstone Real Estate Capital UK VII Limited	United Kingdom
Blackstone Real Estate Capital UK VIII Limited	United Kingdom
Blackstone Real Estate CMBS Associates - G L.L.C.	Delaware
Blackstone Real Estate CMBS Associates L.L.C.	Delaware
Blackstone Real Estate CMBS Associates Non-IG L.L.C.	Delaware
Blackstone Real Estate Debt Strategies Associates High-Grade L.P.	Delaware
Blackstone Real Estate Debt Strategies Associates II L.P.	Delaware
Blackstone Real Estate Debt Strategies Associates III L.P.	Delaware
Blackstone Real Estate Europe (Cayman) III Ltd.	Cayman Islands
Blackstone Real Estate Europe (Cayman) III-NQ Ltd.	Cayman Islands
Blackstone Real Estate Europe (Cayman) IV Ltd.	Cayman Islands
Blackstone Real Estate Europe (Cayman) IV-NQ Ltd.	Cayman Islands
Blackstone Real Estate Europe (Cayman) V Ltd.	Cayman Islands
Blackstone Real Estate Europe (Cayman) VI Ltd.	Cayman Islands

Name	Jurisdiction of Incorporation or Organization
Blackstone Real Estate Europe (Cayman) V-NQ Ltd.	Cayman Islands
Blackstone Real Estate Holdings (Alberta) IV L.P.	Canada
Blackstone Real Estate Holdings (Offshore) V L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VI L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VI-ESC L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VII L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VII-ESC L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VIII-ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings (Offshore) VIII-NQ-ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings (Offshore) VII-NQ L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VII-NQ-ESC L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VI-Q ESC L.P.	Canada
Blackstone Real Estate Holdings (Offshore) VI-Q L.P.	Canada
Blackstone Real Estate Holdings Asia - ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Asia II - ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Asia II - Q - ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Asia-NQ-ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Director L.L.C.	Delaware
Blackstone Real Estate Holdings Europe III ESC L.P.	Canada
Blackstone Real Estate Holdings Europe III L.P.	Canada
Blackstone Real Estate Holdings Europe III-NQ ESC L.P.	Canada
Blackstone Real Estate Holdings Europe III-NQ L.P.	Canada
Blackstone Real Estate Holdings Europe IV ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Europe IV-NQ ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Europe V ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings Europe V-NQ ESC L.P.	Cayman Islands
Blackstone Real Estate Holdings III L.P.	Delaware
Blackstone Real Estate Holdings International II - Q L.P.	Canada
Blackstone Real Estate Holdings International II L.P.	Canada
Blackstone Real Estate Holdings International-A L.P.	Canada
Blackstone Real Estate Holdings IV L.P.	Delaware
Blackstone Real Estate Holdings IX-ESC L.P.	Delaware
Blackstone Real Estate Holdings V L.P.	Delaware
Blackstone Real Estate Holdings VI - ESC L.P.	Delaware
Blackstone Real Estate Holdings VI - NQ ESC L.P.	Delaware
Blackstone Real Estate Holdings VI - NQ L.P.	Delaware
Blackstone Real Estate Holdings VI L.P.	Delaware
Blackstone Real Estate Holdings VI Prime L.P.	Delaware
Blackstone Real Estate Holdings VII - ESC L.P.	Delaware
Blackstone Real Estate Holdings VII L.P.	Delaware
Blackstone Real Estate Holdings VIII-ESC L.P.	Delaware
Blackstone Real Estate Holdings VIII-NQ-ESC L.P.	Delaware
Blackstone Real Estate Holdings VII-NQ L.P.	Delaware
Blackstone Real Estate Holdings VII-NQ-ESC L.P.	Delaware
Blackstone Real Estate Income Advisors L.L.C.	Delaware
Blackstone Real Estate International (Cayman) Ltd.	Cayman Islands
Blackstone Real Estate Korea Ltd.	Korea, Republic of
Blackstone Real Estate Management Associates Europe III L.P.	Canada
Blackstone Real Estate Management Associates Europe III-NQ L.P.	Canada

Name	Jurisdiction of Incorporation or Organization
Blackstone Real Estate Management Associates International II L.P.	Canada
Blackstone Real Estate Management Associates International L.P.	Canada
Blackstone Real Estate Partners Holdings Limited	United Kingdom
Blackstone Real Estate Partners Limited	United Kingdom
Blackstone Real Estate Partners Supervisory GP Asia II NQ LLP	United Kingdom
Blackstone Real Estate Partners VI.C-ESH L.P.	Delaware
Blackstone Real Estate Partners VII L.L.C.	Delaware
Blackstone Real Estate Partners VI-VD L.L.C.	Delaware
Blackstone Real Estate Special Situations (Alberta) II GP L.P.	Delaware
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Delaware
Blackstone Real Estate Special Situations Advisors L.L.C.	Delaware
Blackstone Real Estate Special Situations Associates Europe (Delaware) L.L.C.	Delaware
Blackstone Real Estate Special Situations Associates Europe L.P.	Delaware
Blackstone Real Estate Special Situations Associates Europe- NQ L.L.C.	Delaware
Blackstone Real Estate Special Situations Associates II L.L.C.	Delaware
Blackstone Real Estate Special Situations Associates II-NQ L.L.C.	Delaware
Blackstone Real Estate Special Situations Associates L.L.C.	Delaware
Blackstone Real Estate Special Situations Europe (Cayman) Ltd.	Cayman Islands
Blackstone Real Estate Special Situations Europe GP L.L.C.	Delaware
Blackstone Real Estate Special Situations Europe GP L.P.	Delaware
Blackstone Real Estate Special Situations Fund L.P.	Delaware
Blackstone Real Estate Special Situations Holdings Europe - ESC L.P.	Canada
Blackstone Real Estate Special Situations Holdings Europe L.P.	Canada
Blackstone Real Estate Special Situations Holdings II - ESC L.P.	Delaware
Blackstone Real Estate Special Situations Holdings II L.P.	Delaware
Blackstone Real Estate Special Situations Holdings II-NQ L.P.	Delaware
Blackstone Real Estate Special Situations Management Associates Europe L.P.	Canada
Blackstone Real Estate Special Situations Offshore Fund Ltd.	Cayman Islands
Blackstone Real Estate Special Situations Side-by-Side GP L.L.C.	Delaware
Blackstone Real Estate Special Situations-NQ Side-by-Side GP L.L.C.	Delaware
Blackstone Real Estate Supervisory UK Asia Limited	United Kingdom
Blackstone Real Estate Supervisory UK Limited	United Kingdom
Blackstone Real Estate Supervisory UK VII Limited	United Kingdom
Blackstone Real Estate Supervisory UK VIII Limited	United Kingdom
Blackstone Real Estate UK Limited	United Kingdom
Blackstone Residential L.L.C.	Delaware
Blackstone Residential Opportunities Associates L.L.C.	Delaware
Blackstone Senfina Advisors L.L.C.	Delaware
Blackstone Senfina Associates L.L.C.	Delaware
Blackstone Services Mauritius II Ltd	Mauritius
Blackstone Services Mauritius Ltd	Mauritius
Blackstone SGP Associates (Cayman) IV Ltd.	Cayman Islands
Blackstone SGP Family Investment Partnership (Cayman) IV-A L.P.	Cayman Islands
Blackstone SGP Management Associates (Cayman) IV L.P.	Cayman Islands
Blackstone SGP Participation Partnership (Cayman) IV L.P.	Cayman Islands
Blackstone Singapore Pte. Ltd.	Singapore
Blackstone Strategic Alliance Advisors L.L.C.	Delaware
Blackstone Strategic Alliance Associates II L.L.C.	Delaware
Blackstone Strategic Alliance Associates III L.L.C.	Delaware

Name	Jurisdiction of Incorporation or Organization
Blackstone Strategic Alliance Associates L.L.C.	Delaware
Blackstone Strategic Alliance Fund L.P.	Delaware
Blackstone Strategic Capital Advisors L.L.C.	Delaware
Blackstone Strategic Capital Associates (Cayman) II Ltd.	Cayman Islands
Blackstone Strategic Capital Associates B L.L.C.	Delaware
Blackstone Strategic Capital Associates II (Lux) S.à r.l.	Luxembourg
Blackstone Strategic Capital Associates L.L.C.	Delaware
Blackstone Strategic Capital Holdings Director LLC	Delaware
Blackstone Strategic Opportunity Associates L.L.C.	Delaware
Blackstone Tactical Opportunities Advisors L.L.C.	Delaware
Blackstone Tactical Opportunities Associates - NQ L.L.C.	Delaware
Blackstone Tactical Opportunities Associates (Lux) GP S.à r.l.	Luxembourg
Blackstone Tactical Opportunities Associates II L.L.C.	Delaware
Blackstone Tactical Opportunities Associates III LP	Delaware
Blackstone Tactical Opportunities Associates L.L.C.	Delaware
Blackstone Tactical Opportunities LR Associates (Cayman) - NQ Ltd.	Cayman Islands
Blackstone Tactical Opportunities LR Associates (Cayman) Ltd.	Cayman Islands
Blackstone Tactical Opportunities LR Associates-B (Cayman) Ltd.	Cayman Islands
Blackstone Tactical Opportunities Management Associates (Cayman) - NQ L.P.	Cayman Islands
Blackstone Tactical Opportunities Management Associates (Cayman) L.P.	Cayman Islands
Blackstone Tactical Opportunities Management Associates III (Cayman) - NQ L.P.	Cayman Islands
Blackstone Tactical Opportunities Management Associates III (Cayman) L.P.	Cayman Islands
Blackstone Tactical Opportunities RL Associates L.P.	Cayman Islands
Blackstone Tactical Opportunities Stable Income Associates - NQ L.L.C.	Delaware
Blackstone Tenex L.P.	Delaware
Blackstone TM L.L.C.	Delaware
Blackstone TORO Reit Manager, L.L.C.	Delaware
Blackstone Total Alternatives Solution Associates 2015 I L.P.	Delaware
Blackstone Total Alternatives Solution Associates 2016 L.P.	Delaware
Blackstone Total Alternatives Solution Associates IV L.P.	Delaware
Blackstone Total Alternatives Solution Associates L.P.	Delaware
Blackstone Total Alternatives Solution Associates V L.P.	Delaware
Blackstone Total Alternatives Solution Associates-NQ 2015 I L.P.	Delaware
Blackstone Total Alternatives Solution Associates-NQ 2016 L.P.	Delaware
Blackstone Total Alternatives Solution Associates-NQ IV L.P.	Delaware
Blackstone Total Alternatives Solution Associates-NQ L.P.	Delaware
Blackstone Total Alternatives Solution Associates-NQ V L.P.	Delaware
Blackstone Treasury Asia Pte. Limited	Singapore
Blackstone Treasury Holdings II L.L.C.	Delaware
Blackstone Treasury Holdings III L.L.C.	Delaware
Blackstone Treasury International Holdings L.L.C.	Delaware
Blackstone Treasury Solutions Advisors L.L.C.	Delaware
Blackstone Treasury Solutions Associates L.L.C.	Delaware
Blackstone UK Mortgage Opportunities LR Associates (Cayman) Ltd.	Cayman Islands
Blackstone UK Mortgage Opportunities Management Associates (Cayman) L.P.	Cayman Islands
Blackstone UK Real Estate Supervisory Asia LLP	United Kingdom
Blackstone UK Real Estate Supervisory VII LLP	United Kingdom
Blackstone UK Real Estate Supervisory VIII LLP	United Kingdom
Blackstone/GSO Capital Solutions Associates LLC	Delaware

Name	Jurisdiction of Incorporation or Organization
Blackstone/GSO Capital Solutions Overseas Associates LLC	Delaware
Blackstone/GSO Debt Funds Europe (Luxembourg) S.à r.l.	Luxembourg
BMA Asia (Lux) L.L.C.	Delaware
BMA Asia L.L.C.	Delaware
BMA Asia Ltd.	Cayman Islands
BMA Asia NQ L.L.C.	Delaware
BMA Asia NQ Ltd.	Cayman Islands
BMA V L.L.C.	Delaware
BMA V USS L.L.C.	Delaware
BMA VI L.L.C.	Delaware
BMA VII L.L.C.	Delaware
BMA VII NQ L.L.C.	Delaware
BMA VI-NQ L.L.C.	Delaware
BMEZ Advisors L.L.C.	Delaware
BMP II Side-by-Side GP L.L.C.	Delaware
BMP II USS Side-by-Side GP L.L.C.	Delaware
BPP Advisors L.L.C.	Delaware
BPP Core Asia Associates L.P.	Cayman Islands
BPP Core Asia Associates-NQ L.P.	Cayman Islands
BPP Core Asia L.L.C.	Delaware
BPP Core Asia Ltd.	Cayman Islands
BPP Core Asia-NQ L.L.C.	Delaware
BPP Core Asia-NQ Ltd.	Cayman Islands
BRE Advisors Europe L.L.C.	Delaware
BRE Advisors III L.L.C.	Delaware
BRE Advisors International L.L.C.	Delaware
BRE Advisors IV L.L.C.	Delaware
BRE Advisors V L.L.C.	Delaware
BRE Advisors VI L.L.C.	Delaware
BRE Associates International (Cayman) II Ltd.	Cayman Islands
BRE/SW Green Associates L.P.	Cayman Islands
BREA Edens L.L.C.	Delaware
BREA International (Cayman) II Ltd.	Cayman Islands
BREA International (Cayman) Ltd.	Cayman Islands
BREA IV L.L.C.	Delaware
BREA IX (Delaware) L.P.	Delaware
BREA IX L.L.C.	Delaware
BREA IX Ltd.	Cayman Islands
BREA OMP GP L.L.C.	Delaware
BREA V L.L.C.	Delaware
BREA VI L.L.C.	Delaware
BREA VI-ESH L.L.C.	Delaware
BREA VII L.L.C.	Delaware
BREA VIII L.L.C.	Delaware
BREA VIII-NQ L.L.C.	Delaware
BREA VII-NQ L.L.C.	Delaware
BREA VI-NQ L.L.C.	Delaware
BREAI (Delaware) II L.L.C.	Delaware
BREAI II L.P.	Delaware

Name	Jurisdiction of Incorporation or Organization
BRECA L.L.C.	Delaware
BREDS Associates HG Loan NQ L.P.	Delaware
BREDS Associates II Loan NQ L.P.	Delaware
BREDS Associates II NQ L.P.	Delaware
BREDS Associates III Loan NQ L.P.	Delaware
BREDS Associates III NQ PE L.P.	Delaware
BREDS Capital GP LLP	United Kingdom
BREDS Capital UK Limited	United Kingdom
BREDS Europe HG Holdings NQ GP Ltd.	Cayman Islands
BREDS HG GP NQ - AIV L.L.C.	Delaware
BREDS High-Grade GP L.L.C.	Delaware
BREDS II Feeder Fund GP L.P.	Cayman Islands
BREDS II Feeder GP LTD.	Cayman Islands
BREDS II GP - AC L.L.C.	Delaware
BREDS II GP - AC NQ L.L.C.	Delaware
BREDS II GP - Gaussian L.L.C.	Delaware
BREDS II GP - Gaussian NQ L.L.C.	Delaware
BREDS II GP L.L.C.	Delaware
BREDS II GP NQ - AIV L.L.C.	Delaware
BREDS II GP NQ L.L.C.	Delaware
BREDS II LR Associates (Cayman) - NQ Ltd.	Cayman Islands
BREDS III Capital GP LLP	United Kingdom
BREDS III Capital UK Limited	United Kingdom
BREDS III Feeder Fund GP L.P.	Cayman Islands
BREDS III GP L.L.C.	Delaware
BREDS III GP NQ - AIV L.L.C.	Delaware
BREDS III GP NQ L.L.C.	Delaware
BREDS III GP NQ PE L.L.C.	Delaware
BREDS III Supervisory UK LLP	United Kingdom
BREDS III UK Supervisory Limited	United Kingdom
BREDS Supervisory UK LLP	United Kingdom
BREDS UK L.L.C.	Delaware
BREDS UK Supervisory Limited	United Kingdom
BREIT Special Limited Partner L.P.	Delaware
BREMAI II L.P.	Canada
BREP Asia - NQ L.L.C.	Delaware
BREP Asia - NQ Side-by-Side GP L.L.C.	Delaware
BREP Asia II L.L.C.	Delaware
BREP Asia II Ltd.	Cayman Islands
BREP Asia II-Q L.L.C.	Delaware
BREP Asia L.L.C.	Delaware
BREP Asia Ltd.	Cayman Islands
BREP Asia Side-by-Side GP L.L.C.	Delaware
BREP Asia UK L.L.C.	Delaware
BREP Chiswick GP L.L.C.	Delaware
BREP Co-Invest GP L.L.C.	Delaware
BREP Co-Invest GP L.P.	Delaware
BREP Edens Associates L.P.	Delaware
BREP Europe III GP L.L.C.	Delaware

Name	Jurisdiction of Incorporation or Organization
BREP Europe III GP L.P.	Delaware
BREP Europe III-NQ GP L.L.C.	Delaware
BREP Europe III-NQ GP L.P.	Delaware
BREP International GP L.L.C.	Delaware
BREP International GP L.P.	Delaware
BREP International II - Q GP L.P.	Delaware
BREP International II GP L.L.C.	Delaware
BREP International II GP L.P.	Delaware
BREP International II-Q GP L.L.C.	Delaware
BREP IV (Offshore) GP L.L.C.	Delaware
BREP IV (Offshore) GP L.P.	Delaware
BREP IV Side-by-Side GP L.L.C.	Delaware
BREP OMP Associates L.P.	Delaware
BREP V (Offshore) GP L.L.C.	Delaware
BREP V (Offshore) GP L.P.	Delaware
BREP V Side-by-Side GP L.L.C.	Delaware
BREP VI - NQ Side-by-Side GP L.L.C.	Delaware
BREP VI - Q (Offshore) GP L.L.C.	Delaware
BREP VI (Offshore) GP L.L.C.	Delaware
BREP VI (Offshore) GP L.P.	Delaware
BREP VI Side-by-Side GP L.L.C.	Delaware
BREP VII (Offshore) GP L.L.C.	Delaware
BREP VII (Offshore) GP L.P.	Delaware
BREP VII Side-by-Side GP L.L.C.	Delaware
BREP VIII (Offshore) GP L.L.C.	Delaware
BREP VIII (Offshore) GP L.P.	Delaware
BREP VIII Side-by-Side GP L.L.C.	Delaware
BREP VIII UK L.L.C.	Delaware
BREP VIII-NQ (Offshore) GP L.L.C.	Delaware
BREP VIII-NQ (Offshore) GP L.P.	Delaware
BREP VIII-NQ Side-by-Side GP L.L.C	Delaware
BREP VII-NQ (Offshore) GP L.L.C.	Delaware
BREP VII-NQ (Offshore) GP L.P.	Delaware
BREP VII-NQ Side-by-Side GP L.L.C.	Delaware
BREP VI-Q (Offshore) GP L.P.	Delaware
BRESE L.L.C.	Delaware
BSAF III GP LLC	Delaware
BSCA Advisors L.L.C.	Delaware
BSCA Associates L.L.C.	Delaware
BSCA II B GP L.P.	Delaware
BSCA II GP LP	Delaware
BSSF Holdings-S L.L.C.	Delaware
BSSF I AIV GP L.L.C.	Delaware
BSSF I AIV L.P.	Delaware
BTAS Associates L.L.C.	Delaware
BTAS Associates-NQ L.L.C.	Delaware
BTD CP Holdings LP	Delaware
BTO - FCC NQ Side-by-Side GP L.L.C.	Delaware
BTO - NQ Side-by-Side GP L.L.C.	Delaware

Name	Jurisdiction of Incorporation or Organization
BTO AD (Cayman) - NQ GP L.P.	Cayman Islands
BTO Ascenty ESC (Cayman), L.P.	Cayman Islands
BTO Asia SBS Holding I Ltd.	Cayman Islands
BTO BTIG ESC Holdings L.P.	Delaware
BTO Caesars Manager L.L.C.	Delaware
BTO Commodities Manager L.L.C.	Delaware
BTO CR Fund Associates (Cayman) L.P.	Cayman Islands
BTO Eletson Manager L.L.C.	Delaware
BTO ESC Park Holdings L.P.	Delaware
BTO ESC Precision Holdings L.P.	Delaware
BTO ESC PTI International Holdings L.P.	Cayman Islands
BTO ESC PTI US Holdings L.P.	Delaware
BTO ESC RGB Holdings L.P.	Delaware
BTO European Diversified Property Manager LLC	Delaware
BTO FCC Associates - NQ L.L.C.	Delaware
BTO Feather Holdings ESC (Mauritius) Ltd	Mauritius
BTO Flames Manager Inc.	Canada
BTO Gamma Manager L.L.C.	Delaware
BTO George Manager L.L.C.	Delaware
BTO GP - NQ L.L.C.	Delaware
BTO GP Finance LLC	Delaware
BTO GP L.L.C.	Delaware
BTO Hafnia Manager L.L.C.	Delaware
BTO Hercules Manager L.L.C.	Delaware
BTO HFZ Manager L.L.C.	Delaware
BTO Holdco Manager L.L.C.	Delaware
BTO Holdings (Cayman) - NQ Manager L.L.C.	Delaware
BTO Holdings Cayman Manager L.L.C.	Delaware
BTO Holdings Manager - NQ L.L.C.	Delaware
BTO Holdings Manager L.L.C.	Delaware
BTO IH3 Manager L.L.C.	Delaware
BTO Italian Manager L.L.C.	Delaware
BTO Koala Manager L.L.C.	Delaware
BTO Life Settlement Manager L.L.C.	Delaware
BTO NCR Holdings - ESC L.P.	Delaware
BTO Night Manager L.L.C.	Delaware
BTO Omaha Manager L.L.C.	Delaware
BTO One Market Plaza Manager L.L.C.	Delaware
BTO Pluto Manager L.L.C.	Delaware
BTO Resolution Manager L.L.C.	Delaware
BTO Rothesay Manager L.L.C.	Delaware
BTO RPL Manager L.L.C.	Delaware
BTO Side-by-Side GP L.L.C.	Delaware
BTOA - NQ L.L.C.	Delaware
BTOA II L.L.C.	Delaware
BTOA III - NQ L.P.	Delaware
BTOA III (Cayman) - GP L.P.	Cayman Islands
BTOA III L.P.	Delaware
BTOA III Lux L.L.C.	Delaware

Name	Jurisdiction of Incorporation or Organization
BTOA L.L.C.	Delaware
BTOSI Holdings Manager - NQ L.L.C.	Delaware
BTOSIA - NQ L.L.C.	Delaware
BTOSIAO - NQ L.L.C.	Delaware
BUMO GP L.L.C.	Delaware
BX CQP SuperHoldCo GP LLC	Delaware
BX CQP SuperHoldCo Parent GP LLC	Delaware
BX Private Equity Canada ULC	Canada
BX RE Ventures L.L.C.	Delaware
BX Real Estate Mexico Sociedad Civil	Mexico
BX REIT Advisors L.L.C.	Delaware
BXMT Advisors L.L.C.	Delaware
BZDIF Associates GP (DEL) L.L.C.	Delaware
BZDIF Associates GP Ltd.	Cayman Islands
BZDIF Associates L.P.	Cayman Islands
BZDIF Associates Ltd.	Cayman Islands
Catalyst Fund Holdco L.P.	Delaware
Catskill Park CLO, Ltd.	Cayman Islands
CFS Holdings (Cayman) ESC, L.P.	Cayman Islands
CHK Mid-Con Co-Invest Associates LLC	Delaware
Clarus Ventures, LLC	Delaware
Cleveland Tonkawa CIM, LLC	Delaware
Cook Park CLO, Ltd.	Cayman Islands
CT High Grade Partners II Co-Invest, LLC	Delaware
CT Investment Management Co., LLC	Delaware
Dewolf Park CLO, Ltd.	Cayman Islands
Equity Healthcare L.L.C.	Delaware
FourFive SBS Holding Ltd	Cayman Islands
G QCM GP S.à r.l.	Luxembourg
G QCM SLP LLC	Delaware
Gilbert Park CLO, Ltd	Cayman Islands
Graphite Holdings LLC	Delaware
Greenwood Park CLO, Ltd.	Cayman Islands
Grippen Park CLO, Ltd.	Cayman Islands
GSO / Blackstone Debt Funds Management LLC	Delaware
GSO 3 Bear Energy Holdings Associates LLC	Delaware
GSO Advisor Holdings L.L.C.	Delaware
GSO Aiguille des Grands Montets Associates LLC	Delaware
GSO Aiguille Des Grands Montets GP LTD	Cayman Islands
GSO AMD Holdings Associates LLC	Delaware
GSO Asset Management LLC	Delaware
GSO Associates LLC	Delaware
GSO Bakken Associates I LLC	Delaware
GSO Bandera Strategic Credit Associates I LLC	Delaware
GSO Beacon Co-Invest Associates LLC	Delaware
GSO BSOF SLP LLC	Delaware
GSO Cactus Credit Opportunities Associates LLC	Delaware
GSO CalPeak Energy Associates LLC	Delaware
GSO Capital Advisors II LLC	Delaware

Name	Jurisdiction of Incorporation or Organization
GSO Capital Advisors LLC	Delaware
GSO Capital Opportunities Associates II (Cayman) Ltd.	Cayman Islands
GSO Capital Opportunities Associates II (Delaware) LLC	Delaware
GSO Capital Opportunities Associates II (Facility) LLC	Delaware
GSO Capital Opportunities Associates II LP	Cayman Islands
GSO Capital Opportunities Associates III LLC	Delaware
GSO Capital Opportunities Associates LLC	Delaware
GSO Capital Opportunities Overseas Associates LLC	Delaware
GSO Capital Partners (California) LLC	Delaware
GSO Capital Partners (Texas) GP LLC	Texas
GSO Capital Partners (Texas) LP	Texas
GSO Capital Partners (UK) Limited	United Kingdom
GSO Capital Partners GP L.L.C.	Delaware
GSO Capital Partners International LLP	United Kingdom
GSO Capital Partners LP	Delaware
GSO Capital Solutions Associates II (Cayman) Ltd.	Cayman Islands
GSO Capital Solutions Associates II (Delaware) LLC	Delaware
GSO Capital Solutions Associates II LP	Cayman Islands
GSO Capital Solutions Associates III (Cayman) Ltd.	Cayman Islands
GSO Capital Solutions Associates III (Delaware) LLC	Delaware
GSO Capital Solutions Associates III (EEA) GP S.à r.l.	Luxembourg
GSO Capital Solutions Associates III LP	Cayman Islands
GSO Churchill Associates II LLC	Delaware
GSO Churchill Associates LLC	Delaware
GSO CLO Opportunity Associates LLC	Delaware
GSO Coastline Credit Associates LLC	Delaware
GSO COF III Co-Investment Associates LLC	Delaware
GSO Co-Investment Fund-D Associates LLC	Delaware
GSO Community Development Capital Group Associates LP	Delaware
GSO Community Development Capital Group IV Associates LP	Delaware
GSO Credit Alpha Annex Associates LLC	Delaware
GSO Credit Alpha Associates II (Delaware) LLC	Delaware
GSO Credit Alpha Associates II LP	Cayman Islands
GSO Credit Alpha Associates LLC	Delaware
GSO Credit-A Associates LLC	Delaware
GSO CSF III Co-Investment Associates (Cayman) Ltd.	Cayman Islands
GSO CSF III Co-Investment Associates (Delaware) LLC	Delaware
GSO CSF III Co-Investment Associates LP	Cayman Islands
GSO Delaware Holdings Associates LLC	Delaware
GSO Diamond Portfolio Associates LLC	Delaware
GSO Direct Lending Fund-D Associates LLC	Delaware
GSO DP Associates LLC	Delaware
GSO DrillCo Holdings Associates II LLC	Delaware
GSO DrillCo Holdings Associates LLC	Delaware
GSO EM Holdings Associates LLC	Delaware
GSO Energy E&P Holdings 4 Co-Invest Associates LLC	Delaware
GSO Energy Liquid Opportunities Associates LLC	Delaware
GSO Energy Market Opportunities Associates LLC	Delaware
GSO Energy Partners-A Associates LLC	Delaware

Name	Jurisdiction of Incorporation or Organization
GSO Energy Partners-B Associates LLC	Delaware
GSO Energy Partners-C Associates II LLC	Delaware
GSO Energy Partners-C Associates LLC	Delaware
GSO Energy Partners-D Associates LLC	Delaware
GSO Energy Partners-E Associates LLC	Delaware
GSO Energy Select Opportunities Associates II (Delaware) LLC	Delaware
GSO Energy Select Opportunities Associates II (EEA) GP S.à r.l.(Luxembourg)	Luxembourg
GSO Energy Select Opportunities Associates II LP	Cayman Islands
GSO Energy Select Opportunities Associates LLC	Delaware
GSO European Senior Debt Associates II (Delaware) LLC	Delaware
GSO European Senior Debt Associates LLC	Delaware
GSO FPP Associates LLC	Delaware
GSO FSGCOF Holdings LLC	Delaware
GSO FSIC Holdings LLC	Delaware
GSO FSIC III Holdings LLC	Delaware
GSO FSIC IV Holdings LLC	Delaware
GSO GEPH Holdings Associates LLC	Delaware
GSO Global Dynamic Credit Associates LLC	Delaware
GSO Harrington Credit Alpha Associates L.L.C.	Delaware
GSO Holdings I L.L.C.	Delaware
GSO Holdings II L.L.C.	Delaware
GSO Holdings III L.L.C.	Delaware
GSO IH Holdings Associates LLC	Delaware
GSO IM Holdings Associates LLC	Delaware
GSO Italian Credit Strategies Associates LP	Cayman Islands
GSO Jasmine Associates LLC	Delaware
GSO M5 Holdings Associates LLC	Delaware
GSO MAK Associates LLC	Delaware
GSO MC Claim Co-Invest Associates LLC	Delaware
GSO MMBU Holdings Associates LLC	Delaware
GSO Nemo Associates LLC	Delaware
GSO Oasis Credit Associates LLC	Delaware
GSO Orchid Associates LLC	Delaware
GSO Overseas Associates LLC	Delaware
GSO Palmetto Capital Associates LLC	Delaware
GSO Palmetto Opportunistic Associates LLC	Delaware
GSO Rodeo Holdings Associates LLC	Delaware
GSO SJ Partners Associates LLC	Delaware
GSO Spartan Associates LLC	Delaware
GSO ST Holdings Associates LLC	Delaware
GSO Targeted Opportunity Associates LLC	Delaware
GSO Targeted Opportunity Master Associates LLC	Delaware
GSO Targeted Opportunity Overseas Associates LLC	Delaware
GSO Tetra Holdings GP LLC	Delaware
GSO Tiger Holdings Associates LLC	Delaware
Harvest Fund Advisors, LLC	Delaware
Harvest Fund Holdco L.P.	Delaware
Harvest Fund Manager LLC	Delaware
Huskies Acquisition LLC	Delaware

Name	Jurisdiction of Incorporation or Organization
Immortality ESC Ltd.	Cayman Islands
Lexington National Land Services, LLC	New York
Lifestyle SBS (Singapore) Holding Pte. Ltd.	Singapore
Lifestyle SBS Holding Ltd	Cayman Islands
LNLS HoldCo LLC	Delaware
LNLS Upper Holdings LLC	Delaware
Long Point Park CLO, Ltd.	Cayman Islands
MB Asia REA L.L.C.	Delaware
MB Asia REA L.P.	Cayman Islands
MB Asia REA Ltd.	Cayman Islands
MB Asia Real Estate Associates L.P.	Cayman Islands
SP Polar Holdings GP, LLC	Delaware
SP RA II (Cayman) - NQ GP L.P.	Cayman Islands
SP RA II LR Associates (Cayman) - NQ Ltd.	Cayman Islands
SP VII Acquisitions GP (Series C) LLC	Delaware
SP VII Acquisitions GP LLC	Delaware
SPFS Advisors L.L.C.	Delaware
SPFSA 2007 L.L.C.	Delaware
SPFSA I L.L.C.	Delaware
SPFSA II L.L.C.	Delaware
SPFSA III L.L.C.	Delaware
SPFSA IV L.L.C.	Delaware
SPFSA RA II - NQ L.L.C.	Delaware
SPFSA RA II L.L.C.	Delaware
SPFSA RE VII L.L.C.	Delaware
SPFSA V L.L.C.	Delaware
SPFSA VI L.L.C.	Delaware
SPFSA VII L.L.C.	Delaware
SPFSA VIII L.L.C.	Delaware
Steamboat Credit Opportunities GP LLC	Delaware
Stewart Park CLO, LTD.	Cayman Islands
StoneCo IV Corporation	Delaware
Strategic Partners Fund Solutions Advisors L.P.	Delaware
Strategic Partners Fund Solutions Associates - NC Real Asset Opportunities, L.P.	Delaware
Strategic Partners Fund Solutions Associates 2007 L.P.	Delaware
Strategic Partners Fund Solutions Associates DE L.P.	New York
Strategic Partners Fund Solutions Associates II L.P.	Delaware
Strategic Partners Fund Solutions Associates III L.P.	Delaware
Strategic Partners Fund Solutions Associates IV L.P.	Delaware
Strategic Partners Fund Solutions Associates RA II (Cayman) - NQ L.P.	Cayman Islands
Strategic Partners Fund Solutions Associates RA II, L.P.	Delaware
Strategic Partners Fund Solutions Associates Real Estate VI L.P.	Delaware
Strategic Partners Fund Solutions Associates Real Estate VII L.P.	Delaware
Strategic Partners Fund Solutions Associates V L.P.	Delaware
Strategic Partners Fund Solutions Associates VI L.P.	Delaware
Strategic Partners Fund Solutions Associates VII AIV L.P.	Delaware
Strategic Partners Fund Solutions Associates VII L.P.	Delaware
Strategic Partners Fund Solutions Associates VIII (Lux) S.à r.l.	Luxembourg
Strategic Partners Fund Solutions Associates VIII L.P.	Delaware

Name	Jurisdiction of Incorporation or Organization
Strategic Partners Fund Solutions GP (Offshore) Ltd.	Cayman Islands
TBG Realty Corp.	New York
Thayer Park, CLO Ltd.	Cayman Islands
The Blackstone Group (Australia) Pty Limited	Australia
The Blackstone Group (HK) Holdings Limited	Hong Kong
The Blackstone Group (HK) Limited	Hong Kong
The Blackstone Group Denmark ApS	Denmark
The Blackstone Group Denmark, filial af Blackstone Europe Fund Management S.à.r.l., Luxembourg	Denmark
The Blackstone Group Germany GmbH	Germany
The Blackstone Group International (Cayman) Limited	Cayman Islands
The Blackstone Group International Limited	United Kingdom
The Blackstone Group International Partners LLP	United Kingdom
The Blackstone Group Japan K.K.	Japan
The Blackstone Group Mauritius II Ltd	Mauritius
The Blackstone Group Mauritius Ltd	Mauritius
The Blackstone Group Spain SL.	Spain
Utica Royalty Associates II LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements on Forms S-3 and S-8 of our report dated March 1, 2019, relating to the consolidated financial statements of The Blackstone Group L.P. and subsidiaries (“Blackstone”) and the effectiveness of Blackstone’s internal control over financial reporting, appearing in the Annual Report on Form 10-K of Blackstone for the year ended December 31, 2018:

- Registration Statement No. 333-209762 (Common Units Representing Limited Partnership Interests) on Form S-3
- Registration Statement No. 333-157632 (Common Units Representing Limited Partnership Interests) on Form S-3
- Registration Statement No. 333-151853 (Common Units Representing Limited Partnership Interests) on Form S-3
- Registration Statement No. 333-223346 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-216225 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-209758 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-202359 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-194234 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-186999 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-179775 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-172451 (The Blackstone Group L.P. Amended and Restated 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-165115 (The Blackstone Group L.P. 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-157635 (The Blackstone Group L.P. 2007 Equity Incentive Plan) on Form S-8
- Registration Statement No. 333-143948 (The Blackstone Group L.P. 2007 Equity Incentive Plan) on Form S-8.

/s/ DELOITTE & TOUCHE LLP
New York, New York
March 1, 2019

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Stephen A. Schwarzman, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2018 of The Blackstone Group L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 1, 2019

/s/ Stephen A. Schwarzman

Stephen A. Schwarzman
Chief Executive Officer of
Blackstone Group Management L.L.C.

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Michael S. Chae, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2018 of The Blackstone Group L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 1, 2019

/s/ Michael S. Chae

Michael S. Chae
Chief Financial Officer of
Blackstone Group Management L.L.C.

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Blackstone Group L.P. (the “Partnership”) on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen A. Schwarzman, Chief Executive Officer of Blackstone Group Management L.L.C., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: March 1, 2019

/s/ Stephen A. Schwarzman
Stephen A. Schwarzman
Chief Executive Officer of
Blackstone Group Management L.L.C.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Blackstone Group L.P. (the “Partnership”) on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael S. Chae, Chief Financial Officer of Blackstone Group Management L.L.C., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: March 1, 2019

/s/ Michael S. Chae
Michael S. Chae
Chief Financial Officer of
Blackstone Group Management L.L.C.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.