

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

FORM 10-Q

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2021**
- 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 Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8875684
(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	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BX	New York Stock Exchange

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 whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 ☒
Non-accelerated filer ☐

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 Exchange Act). Yes ☐ No ☒

As of July 30, 2021, there were 685,948,545 shares of common stock of the registrant outstanding.

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Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, which reflect our current views with respect to, among other things, our operations, taxes, earnings and financial performance, share repurchases and dividends. 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,” “scheduled,” “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 the impact of the novel coronavirus (“COVID-19”), as well as those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, 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://spoti.fi/2LJ1tHG>), YouTube (www.youtube.com/user/blackstonegroup) and Apple Podcast (<https://apple.co/31Pe1Gg>) 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.

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc. In this report, references to “Blackstone,” the “Company,” “we,” “us” or “our” refer to Blackstone Inc. and its consolidated subsidiaries.

Effective February 26, 2021, Blackstone effectuated changes to rename its Class A common stock as “common stock,” and to reclassify its Class B and Class C common stock into a new “Series I preferred stock” and “Series II preferred stock,” respectively (the “share reclassification”). Each new stock has the same rights and powers of its predecessor. All references to common stock, Series I preferred stock and Series II preferred stock prior to the share reclassification refer to Class A, Class B and Class C common stock, respectively. See “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Organizational Structure.”

“Series I Preferred Stockholder” refers to Blackstone Partners L.L.C., the holder of the sole outstanding share of our Series I preferred stock.

“Series II Preferred Stockholder” refers to Blackstone Group Management L.L.C., the holder of the sole outstanding share of our Series II preferred stock.

“Blackstone Funds,” “our funds” and “our investment funds” refer to the funds and other vehicles that are managed by Blackstone. “Our carry funds” refers to funds managed by Blackstone that have commitment-based multi-year drawdown structures that pay carry on the realization of an investment.

We refer to our flagship 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 funds 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 life sciences private investment platform, Blackstone Life Sciences (“BXL”), our growth equity investment platform, Blackstone Growth (“BXG”), 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 (“BXC”).

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 (“BRED”) 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-listed REIT, as “BREIT.” We refer to our real estate funds which target substantially stabilized assets in prime markets, as Blackstone Property Partners (“BPP”) funds. We refer to BPP and BREIT collectively as our Core+ real estate strategies.

“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.

We refer to our business development companies as “BDCs,” to Blackstone Private Credit Fund as “BCRED” and to Blackstone Secured Lending Fund as “BXL.”

“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.

We refer to our separately managed accounts as “SMAs.”

“Total Assets Under Management” refers to the assets we manage. Our Total 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 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,
- (b) the net asset value of (1) our hedge funds, real estate debt carry funds, BPP, certain co-investments managed by us, certain credit-focused funds, and our Hedge Fund Solutions 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 collateralized loan obligations (“CLO”) 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,
- (g) the fair value of common stock, preferred stock, convertible debt, term loans or similar instruments issued by BXMT, and
- (h) borrowings under and any amounts available to be borrowed under certain credit facilities of our funds.

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 Real Estate, Hedge Fund Solutions and Credit & Insurance 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 & Insurance 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 distributable 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 Total 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 Total 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 Total Assets Under Management and Fee-Earning Assets Under Management are not based on any definition of total 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 and uncalled capital commitments, whereas Fee-Earning Assets Under Management may include the total amount of capital commitments or the remaining amount of invested capital at cost, depending on whether the investment period has expired or as specified by the fee terms of the fund. As such, in certain carry funds 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. Financial Information

Item 1. Financial Statements

The Blackstone Group Inc. Condensed Consolidated Statements of Financial Condition (Unaudited) (Dollars in Thousands, Except Share Data)

	June 30, 2021	December 31, 2020
Assets		
Cash and Cash Equivalents	\$ 2,467,444	\$ 1,999,484
Cash Held by Blackstone Funds and Other	109,676	64,972
Investments (including assets pledged of \$80,027 and \$110,835 at June 30, 2021 and December 31, 2020, respectively)	22,163,322	15,617,142
Accounts Receivable	582,542	866,158
Due from Affiliates	3,159,829	3,221,515
Intangible Assets, Net	321,780	347,955
Goodwill	1,890,202	1,901,485
Other Assets	556,714	481,022
Right-of-Use Assets	723,539	526,943
Deferred Tax Assets	1,322,144	1,242,576
Total Assets	<u>\$ 33,297,192</u>	<u>\$ 26,269,252</u>
Liabilities and Equity		
Loans Payable	\$ 5,594,648	\$ 5,644,653
Due to Affiliates	1,226,504	1,135,041
Accrued Compensation and Benefits	5,789,662	3,433,260
Securities Sold, Not Yet Purchased	35,783	51,033
Repurchase Agreements	57,247	76,808
Operating Lease Liabilities	841,152	620,844
Accounts Payable, Accrued Expenses and Other Liabilities	1,205,182	717,104
Total Liabilities	<u>14,750,178</u>	<u>11,678,743</u>
Commitments and Contingencies		
Redeemable Non-Controlling Interests in Consolidated Entities	<u>65,568</u>	<u>65,161</u>
Equity		
Stockholders' Equity of The Blackstone Group Inc.		
Common Stock, \$0.00001 par value, 90 billion shares authorized, (691,093,463 shares issued and outstanding as of June 30, 2021; 683,875,544 shares issued and outstanding as of December 31, 2020)	7	7
Series I Preferred Stock, \$0.00001 par value, 999,999,000 shares authorized, (1 share issued and outstanding as of June 30, 2021 and December 31, 2020)	—	—
Series II Preferred Stock, \$0.00001 par value, 1,000 shares authorized, (1 share issued and outstanding as of June 30, 2021 and December 31, 2020)	—	—
Additional Paid-in-Capital	6,282,600	6,332,105
Retained Earnings	2,133,794	335,762
Accumulated Other Comprehensive Loss	(10,245)	(15,831)
Total Stockholders' Equity of The Blackstone Group Inc.	8,406,156	6,652,043
Non-Controlling Interests in Consolidated Entities	4,860,442	4,042,157
Non-Controlling Interests in Blackstone Holdings	5,214,848	3,831,148
Total Equity	<u>18,481,446</u>	<u>14,525,348</u>
Total Liabilities and Equity	<u>\$ 33,297,192</u>	<u>\$ 26,269,252</u>

continued...

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Financial Condition (Unaudited)
(Dollars in Thousands)

The following presents the asset and liability portion of the consolidated balances presented in the Condensed Consolidated Statements of Financial Condition 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.

	June 30, 2021	December 31, 2020
Assets		
Cash Held by Blackstone Funds and Other	\$ 109,676	\$ 64,972
Investments	1,871,269	1,455,008
Accounts Receivable	80,374	120,099
Due from Affiliates	11,144	8,676
Other Assets	549	262
Total Assets	<u>\$ 2,073,012</u>	<u>\$ 1,649,017</u>
Liabilities		
Loans Payable	\$ 99	\$ 99
Due to Affiliates	101,879	65,429
Securities Sold, Not Yet Purchased	23,830	41,709
Repurchase Agreements	57,247	76,808
Accounts Payable, Accrued Expenses and Other Liabilities	33,614	37,221
Total Liabilities	<u>\$ 216,669</u>	<u>\$ 221,266</u>

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues				
Management and Advisory Fees, Net	\$ 1,212,549	\$ 969,728	\$ 2,390,364	\$ 1,904,560
Incentive Fees	33,207	15,300	69,331	27,461
Investment Income (Loss)				
Performance Allocations				
Realized	808,620	101,910	1,342,987	269,440
Unrealized	2,697,170	1,067,923	5,161,667	(2,385,158)
Principal Investments				
Realized	152,060	61,102	507,098	109,797
Unrealized	328,835	331,762	968,150	(627,603)
Total Investment Income (Loss)	3,986,685	1,562,697	7,979,902	(2,633,524)
Interest and Dividend Revenue	31,017	23,924	62,429	59,008
Other	27,896	(55,580)	88,200	82,600
Total Revenues	5,291,354	2,516,069	10,590,226	(559,895)
Expenses				
Compensation and Benefits				
Compensation	507,104	458,457	1,049,742	935,000
Incentive Fee Compensation	14,431	8,432	27,756	14,954
Performance Allocations Compensation				
Realized	347,423	38,569	560,450	110,992
Unrealized	1,150,219	454,813	2,200,188	(942,565)
Total Compensation and Benefits	2,019,177	960,271	3,838,136	118,381
General, Administrative and Other	205,057	169,051	390,179	326,617
Interest Expense	44,322	39,276	89,305	80,920
Fund Expenses	3,774	4,083	6,157	8,688
Total Expenses	2,272,330	1,172,681	4,323,777	534,606
Other Income (Loss)				
Change in Tax Receivable Agreement Liability	(392)	76	2,518	(519)
Net Gains (Losses) from Fund Investment Activities	127,116	158,297	247,469	(169,077)
Total Other Income (Loss)	126,724	158,373	249,987	(169,596)
Income (Loss) Before Provision (Benefit) for Taxes	3,145,748	1,501,761	6,516,436	(1,264,097)
Provision (Benefit) for Taxes	288,250	147,415	287,803	(11,288)
Net Income (Loss)	2,857,498	1,354,346	6,228,633	(1,252,809)
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	637	(3,426)	1,266	(18,895)
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	431,516	294,378	818,366	(350,699)
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	1,116,193	495,128	2,351,977	(384,989)
Net Income (Loss) Attributable to The Blackstone Group Inc.	\$ 1,309,152	\$ 568,266	\$ 3,057,024	\$ (498,226)
Net Income (Loss) Per Share of Common Stock				
Basic	\$ 1.82	\$ 0.81	\$ 4.27	\$ (0.74)
Diluted	\$ 1.82	\$ 0.81	\$ 4.27	\$ (0.74)
Weighted-Average Shares of Common Stock Outstanding				
Basic	721,141,954	698,534,168	715,121,029	677,041,769
Diluted	721,265,180	1,204,411,957	715,622,208	677,041,769

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(Dollars in Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Income (Loss)	\$ 2,857,498	\$ 1,354,346	\$ 6,228,633	\$ (1,252,809)
Other Comprehensive Income (Loss), Currency Translation Adjustment	2,124	8,316	10,055	(11,903)
Comprehensive Income (Loss)	<u>2,859,622</u>	<u>1,362,662</u>	<u>6,238,688</u>	<u>(1,264,712)</u>
Less:				
Comprehensive Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	637	(3,426)	1,266	(18,895)
Comprehensive Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	431,516	294,378	818,366	(350,699)
Comprehensive Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	<u>1,117,108</u>	<u>498,669</u>	<u>2,356,446</u>	<u>(388,629)</u>
Comprehensive Income (Loss) Attributable to Non-Controlling Interests	<u>1,549,261</u>	<u>789,621</u>	<u>3,176,078</u>	<u>(758,223)</u>
Comprehensive Income (Loss) Attributable to The Blackstone Group Inc.	<u>\$ 1,310,361</u>	<u>\$ 573,041</u>	<u>\$ 3,062,610</u>	<u>\$ (506,489)</u>

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	The Blackstone Group Inc. (a)									
	Shares of The Blackstone Group Inc. (a)									
					Accumulated					Redeemable
	Common	Common	Additional	Retained	Other	Total	Non-	Non-	Total	Non-
	Stock	Stock	Paid-in-	Earnings	Compre-	Stockholders'	Controlling	Controlling	Equity	Controlling
			Capital	(Deficit)	hensive	Equity	Interests in	Interests in		Interests in
					Income		Consolidated	Blackstone		Consolidated
					(Loss)		Entities	Holdings		Entities
Balance at March 31, 2021	690,569,563	\$ 7	\$ 6,446,829	\$ 1,408,768	\$ (11,454)	\$ 7,844,150	\$ 4,390,594	\$ 4,524,898	\$16,759,642	\$ 65,546
Net Income	—	—	—	1,309,152	—	1,309,152	431,516	1,116,193	2,856,861	637
Currency Translation Adjustment	—	—	—	—	1,209	1,209	—	915	2,124	—
Capital Contributions	—	—	—	—	—	—	204,933	2,551	207,484	—
Capital Distributions	—	—	—	(584,126)	—	(584,126)	(166,518)	(441,687)	(1,192,331)	(615)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	(83)	—	(83)	—
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	9,535	—	—	9,535	—	—	9,535	—
Equity-Based Compensation	—	—	77,083	—	—	77,083	—	55,046	132,129	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	273,659	—	(4,860)	—	—	(4,860)	—	—	(4,860)	—
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(3,174,598)	—	(289,055)	—	—	(289,055)	—	—	(289,055)	—
Change in The Blackstone Group Inc.'s Ownership Interest	—	—	11,322	—	—	11,322	—	(11,322)	—	—
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	3,424,839	—	31,746	—	—	31,746	—	(31,746)	—	—
Balance at June 30, 2021	<u>691,093,463</u>	<u>\$ 7</u>	<u>\$ 6,282,600</u>	<u>\$ 2,133,794</u>	<u>\$ (10,245)</u>	<u>\$ 8,406,156</u>	<u>\$ 4,860,442</u>	<u>\$ 5,214,848</u>	<u>\$18,481,446</u>	<u>\$ 65,568</u>

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

continued...

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Shares of The Blackstone Group Inc. (a)		The Blackstone Group Inc. (a)							
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity	Redeemable Non- Controlling Interests in Consolidated Entities
Balance at March 31, 2020	676,630,489	\$ 7	\$ 6,298,093	\$ (871,948)	\$ (41,533)	\$ 5,384,619	\$ 3,591,160	\$ 2,530,263	\$11,506,042	\$ 72,066
Net Income (Loss)	—	—	—	568,266	—	568,266	294,378	495,128	1,357,772	(3,426)
Currency Translation Adjustment	—	—	—	—	4,775	4,775	—	3,541	8,316	—
Capital Contributions	—	—	—	—	—	—	170,282	—	170,282	—
Capital Distributions	—	—	—	(270,613)	—	(270,613)	(155,525)	(203,354)	(629,492)	(76)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	134	—	134	—
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	2,806	—	—	2,806	—	—	2,806	—
Equity-Based Compensation	—	—	73,455	—	—	73,455	—	55,442	128,897	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	56,662	—	(2,398)	—	—	(2,398)	—	—	(2,398)	—
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(2,000,000)	—	(114,893)	—	—	(114,893)	—	—	(114,893)	—
Change in The Blackstone Group Inc.'s Ownership Interest	—	—	4,006	—	—	4,006	—	(4,006)	—	—
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	2,187,432	—	10,971	—	—	10,971	—	(10,971)	—	—
Balance at June 30, 2020	<u>676,874,583</u>	<u>\$ 7</u>	<u>\$ 6,272,040</u>	<u>\$ (574,295)</u>	<u>\$ (36,758)</u>	<u>\$ 5,660,994</u>	<u>\$ 3,900,429</u>	<u>\$ 2,866,043</u>	<u>\$12,427,466</u>	<u>\$ 68,564</u>

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

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See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	The Blackstone Group Inc. (a)									
	Shares of The Blackstone Group Inc. (a)				Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity	Redeemable Non- Controlling Interests in Consolidated Entities
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)						
Balance at December 31, 2020	683,875,544	\$ 7	\$ 6,332,105	\$ 335,762	\$ (15,831)	\$ 6,652,043	\$ 4,042,157	\$ 3,831,148	\$14,525,348	\$ 65,161
Net Income	—	—	—	3,057,024	—	3,057,024	818,366	2,351,977	6,227,367	1,266
Currency Translation Adjustment	—	—	—	—	5,586	5,586	—	4,469	10,055	—
Capital Contributions	—	—	—	—	—	—	412,230	5,259	417,489	—
Capital Distributions	—	—	—	(1,258,992)	—	(1,258,992)	(408,718)	(1,024,657)	(2,692,367)	(859)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	(3,593)	—	(3,593)	—
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	19,714	—	—	19,714	—	—	19,714	—
Equity-Based Compensation	—	—	168,606	—	—	168,606	—	120,941	289,547	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	1,986,972	—	(23,059)	—	—	(23,059)	—	—	(23,059)	—
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(3,174,598)	—	(289,055)	—	—	(289,055)	—	—	(289,055)	—
Change in The Blackstone Group Inc.'s Ownership Interest	—	—	3,877	—	—	3,877	—	(3,877)	—	—
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	8,405,545	—	70,412	—	—	70,412	—	(70,412)	—	—
Balance at June 30, 2021	<u>691,093,463</u>	<u>\$ 7</u>	<u>\$ 6,282,600</u>	<u>\$ 2,133,794</u>	<u>\$ (10,245)</u>	<u>\$ 8,406,156</u>	<u>\$ 4,860,442</u>	<u>\$ 5,214,848</u>	<u>\$18,481,446</u>	<u>\$ 65,568</u>

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

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See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Shares of The Blackstone Group Inc. (a)	The Blackstone Group Inc. (a)								Redeemable Non- Controlling Interests in Consolidated Entities
	Common Stock	Common Stock	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Compre- hensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Equity	
Balance at December 31, 2019	671,157,692	\$ 7	\$ 6,428,647	\$ 609,625	\$ (28,495)	\$ 7,009,784	\$ 4,186,069	\$ 3,819,548	\$15,015,401	\$ 87,651
Net Income (Loss)	—	—	—	(498,226)	—	(498,226)	(350,699)	(384,989)	(1,233,914)	(18,895)
Currency Translation Adjustment	—	—	—	—	(8,263)	(8,263)	—	(3,640)	(11,903)	—
Capital Contributions	—	—	—	—	—	—	372,961	—	372,961	—
Capital Distributions	—	—	—	(685,694)	—	(685,694)	(305,797)	(569,055)	(1,560,546)	(192)
Transfer of Non-Controlling Interests in Consolidated Entities	—	—	—	—	—	—	(2,105)	—	(2,105)	—
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders	—	—	15,200	—	—	15,200	—	—	15,200	—
Equity-Based Compensation	—	—	124,279	—	—	124,279	—	94,100	218,379	—
Net Delivery of Vested Blackstone Holdings Partnership Units and Shares of Common Stock	1,740,156	—	(17,639)	—	—	(17,639)	—	(7)	(17,646)	—
Repurchase of Shares of Common Stock and Blackstone Holdings Partnership Units	(6,969,237)	—	(368,361)	—	—	(368,361)	—	—	(368,361)	—
Change in The Blackstone Group Inc.'s Ownership Interest	—	—	13,785	—	—	13,785	—	(13,785)	—	—
Conversion of Blackstone Holdings Partnership Units to Shares of Common Stock	10,945,972	—	76,129	—	—	76,129	—	(76,129)	—	—
Balance at June 30, 2020	676,874,583	\$ 7	\$ 6,272,040	\$ (574,295)	\$ (36,758)	\$ 5,660,994	\$ 3,900,429	\$ 2,866,043	\$12,427,466	\$ 68,564

(a) During the period presented, Blackstone also had one share outstanding of each of Series I and Series II preferred stock, with par value of each less than one cent.

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	Six Months Ended June 30,	
	2021	2020
Operating Activities		
Net Income (Loss)	\$ 6,228,633	\$ (1,252,809)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Blackstone Funds Related		
Net Realized Gains on Investments	(1,949,167)	(261,870)
Changes in Unrealized (Gains) Losses on Investments	(1,140,654)	744,335
Non-Cash Performance Allocations	(5,161,667)	2,385,158
Non-Cash Performance Allocations and Incentive Fee Compensation	2,780,561	(821,798)
Equity-Based Compensation Expense	305,422	238,721
Amortization of Intangibles	37,476	35,500
Other Non-Cash Amounts Included in Net Income (Loss)	(153,350)	(175,677)
Cash Flows Due to Changes in Operating Assets and Liabilities		
Accounts Receivable	346,505	562,123
Due from Affiliates	109,163	203,698
Other Assets	(55,225)	(120,679)
Accrued Compensation and Benefits	(440,034)	(443,534)
Securities Sold, Not Yet Purchased	(14,925)	(26,840)
Accounts Payable, Accrued Expenses and Other Liabilities	13,373	(182,034)
Repurchase Agreements	(19,562)	(73,498)
Due to Affiliates	19,836	85,380
Investments Purchased	(2,718,024)	(3,786,662)
Cash Proceeds from Sale of Investments	5,007,907	4,381,268
Net Cash Provided by Operating Activities	<u>3,196,268</u>	<u>1,490,782</u>
Investing Activities		
Purchase of Furniture, Equipment and Leasehold Improvements	(34,811)	(25,453)
Net Cash Used in Investing Activities	<u>(34,811)</u>	<u>(25,453)</u>
Financing Activities		
Distributions to Non-Controlling Interest Holders in Consolidated Entities	(409,577)	(305,914)
Contributions from Non-Controlling Interest Holders in Consolidated Entities	407,738	355,599
Payments Under Tax Receivable Agreement	(51,366)	(73,881)
Net Settlement of Vested Common Stock and Repurchase of Common Stock and Blackstone Holdings Partnership Units	(312,114)	(386,007)

continued...

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	Six Months Ended June 30,	
	2021	2020
Financing Activities (Continued)		
Repayment and Repurchase of Loans Payable	\$ —	\$ (1,896)
Dividends/Distributions to Shareholders and Unitholders	(2,278,390)	(1,254,749)
Net Cash Used in Financing Activities	(2,643,709)	(1,666,848)
Effect of Exchange Rate Changes on Cash and Cash Equivalents and Cash Held by Blackstone Funds and Other	(5,084)	(2,419)
Cash and Cash Equivalents and Cash Held by Blackstone Funds and Other		
Net Increase (Decrease)	512,664	(203,938)
Beginning of Period	2,064,456	2,523,651
End of Period	\$ 2,577,120	\$ 2,319,713
Supplemental Disclosure of Cash Flows Information		
Payments for Interest	\$ 102,524	\$ 93,645
Payments for Income Taxes	\$ 289,244	\$ 42,330
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Non-Cash Contributions from Non-Controlling Interest Holders	\$ 6,076	\$ 16,033
Non-Cash Distributions to Non-Controlling Interest Holders	\$ —	\$ (75)
Transfer of Interests to Non-Controlling Interest Holders	\$ (3,593)	\$ (2,105)
Change in The Blackstone Group Inc.'s Ownership Interest	\$ 3,877	\$ 13,785
Net Settlement of Vested Common Stock	\$ 124,386	\$ 71,978
Conversion of Blackstone Holdings Units to Common Stock	\$ 70,412	\$ 76,129
Acquisition of Ownership Interests from Non-Controlling Interest Holders		
Deferred Tax Asset	\$ (167,433)	\$ (148,838)
Due to Affiliates	\$ 147,719	\$ 133,638
Equity	\$ 19,714	\$ 15,200

The following table provides a reconciliation of Cash and Cash Equivalents and Cash Held by Blackstone Funds and Other reported within the Condensed Consolidated Statements of Financial Condition:

	June 30, 2021	December 31, 2020
Cash and Cash Equivalents	\$ 2,467,444	\$ 1,999,484
Cash Held by Blackstone Funds and Other	109,676	64,972
	\$ 2,577,120	\$ 2,064,456

See notes to condensed consolidated financial statements.

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

1. Organization

The Blackstone Group Inc., together with its consolidated subsidiaries (“Blackstone” or the “Company”), is one of the world’s leading investment firms. Blackstone’s asset management business includes investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. “Blackstone Funds” refers to the funds and other vehicles that are managed by Blackstone. Blackstone’s business is organized into four segments: Real Estate, Private Equity, Hedge Fund Solutions and Credit & Insurance.

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc. Blackstone Inc. was initially formed as The Blackstone Group L.P., a Delaware limited partnership, on March 12, 2007. Prior to its conversion (effective July 1, 2019) to a Delaware corporation (the “Conversion”), Blackstone Inc. was managed and operated by Blackstone Group Management L.L.C., which is wholly owned by Blackstone’s senior managing directors and controlled by one of Blackstone’s founders, Stephen A. Schwarzman (the “Founder”). Effective February 26, 2021, the Certificate of Incorporation of Blackstone Inc. was amended and restated to rename Blackstone’s Class A Common stock as “common stock” and reclassify Blackstone’s Class B common stock and Class C common stock into a new Series I preferred stock and a new Series II preferred stock, respectively. All references to common stock, series I preferred stock and series II preferred stock prior to such date refer to Class A, Class B and Class C common stock, respectively. See Note 13. “Income Taxes” and Note 14. “Earnings Per Share and Stockholders’ Equity — Stockholders’ Equity.”

The activities of Blackstone 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”). Blackstone, through its wholly owned subsidiaries, is the sole general partner of each of the 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 stock, on a one-to-one basis, exchanging one Partnership Unit from each of the Holding Partnerships for one share of Blackstone common stock.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Blackstone have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Form 10-Q. The condensed consolidated financial statements, including these notes, are unaudited and exclude some of the disclosures required in audited financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in Blackstone’s Annual Report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission.

The condensed consolidated financial statements include the accounts of Blackstone, its wholly owned or majority owned subsidiaries, the consolidated entities which are considered to be variable interest entities and for which Blackstone 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 determined to have control.

All intercompany balances and transactions have been eliminated in consolidation.

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Restructurings within consolidated collateralized loan obligations (“CLOs”) are treated as investment purchases or sales, as applicable, in the Condensed Consolidated Statements of Cash Flows.

COVID-19 and Global Economic Market Conditions

The ongoing novel coronavirus (“COVID-19”) pandemic has caused disruption in the U.S. and global economies. More recently, broad-based economic recovery and activity in the U.S. have accelerated following meaningful progress on vaccine distribution, the easing of shutdowns and other restrictions and support from previously implemented fiscal and monetary stimulus. Nevertheless, both in the U.S. and abroad, there is continued uncertainty regarding the trajectory of a continuing recovery, particularly given the strength of the Delta variant. Accordingly, this recovery remains uneven with dispersion across sectors and regions. The estimates and assumptions underlying these consolidated financial statements are based on the information available as of June 30, 2021 for the current period and as of June 30, 2020 or December 31, 2020, as applicable. The estimates and assumptions include judgments about financial market and economic conditions which have changed, and may continue to change, over time.

Consolidation

Blackstone 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. Blackstone 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 Blackstone. Accordingly, Blackstone consolidates Blackstone Holdings and records non-controlling interests to reflect the economic interests of the limited partners of Blackstone Holdings.

In addition, Blackstone consolidates all variable interest entities (“VIE”) for 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 Blackstone holds a variable interest is a VIE and (b) whether Blackstone’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.

Blackstone 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 Blackstone is the primary beneficiary, Blackstone evaluates its control rights as well as economic interests in the entity held either directly or indirectly by Blackstone. The consolidation analysis can generally be performed qualitatively; however, if it is not readily apparent that Blackstone is not the primary beneficiary, a quantitative analysis may also be performed. Investments and redemptions (either by Blackstone, affiliates of Blackstone 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, Blackstone 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 Condensed Consolidated Statements of Financial Condition.

Blackstone’s other disclosures regarding VIEs are discussed in Note 9. “Variable Interest Entities.”

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

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 18. "Segment Reporting" for a disaggregated presentation of revenues from contracts with customers.

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.

Blackstone 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 Blackstone to provide investment management services, which represents a performance obligation that Blackstone satisfies over time. Management fees are a form of variable consideration because the fees Blackstone 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 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 Blackstone ("management fee reductions") by an amount equal to a portion of the transaction and other fees paid to Blackstone 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 Blackstone'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 Blackstone primarily for placement fees. Providing investment management services requires Blackstone to arrange for services on behalf of its customers. In those situations where Blackstone 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, Blackstone 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 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. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract. Capitalized placement fees are amortized over the life of the customer contract, are recorded within Other Assets in the Condensed Consolidated Statements of Financial Condition and amortization is recorded within General, Administrative and Other within the Condensed Consolidated Statements of Operations.

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 Condensed Consolidated Statements of Financial Condition.

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

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 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 Condensed Consolidated Statements of Financial Condition.

Investment Income (Loss) — Investment Income (Loss) represents the unrealized and realized gains and losses on Blackstone’s Performance Allocations and Principal Investments.

In carry fund structures, 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, Blackstone calculates the balance of accrued Performance Allocations (“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. 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 Blackstone 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. Blackstone ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. Blackstone 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 Condensed 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 Blackstone’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

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

Investments is realized when Blackstone redeems all or a portion of its investment or when Blackstone 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. Blackstone 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. Blackstone'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 Blackstone Group Inc.
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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.

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.

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.

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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 Condensed 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 Condensed 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 Condensed Consolidated Statements of Operations within Investment Income (Loss).

For certain instruments, Blackstone has elected the fair value option. Such election is irrevocable and is applied on an investment by investment basis at initial recognition. Blackstone has applied the fair value option for certain loans and receivables, unfunded loan commitments 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 Condensed 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.

Blackstone has elected the fair value option for the assets of consolidated CLO vehicles. As permitted under GAAP, Blackstone 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 Blackstone (other than those that represent compensation for services) and Blackstone’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 Condensed 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.

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Blackstone 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 Condensed 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, Blackstone may determine, based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, Blackstone 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 Blackstone 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 Blackstone 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. Blackstone 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, Blackstone's share of earnings (losses) from equity method investments is included in Investment Income (Loss) in the Condensed Consolidated Statements of Operations.

In cases where Blackstone'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), 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. 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 Blackstone to

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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. Blackstone ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. Blackstone 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 Condensed Consolidated Statements of Financial Condition.

Results for Strategic Partners are reported on a three month lag from the fund financial statements, which generally report based on a three month lag from the underlying fund investments unless information is available on a more timely basis. Therefore, results presented herein do not include the impact of economic and market activity in the quarter in which such events occur. Economic and market activity for the periods presented is expected to affect reported results in upcoming periods.

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.

Non-Controlling Interests in Consolidated Entities

Non-Controlling Interests in Consolidated Entities represent the component of Equity 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 Inc.

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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 Condensed 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 Condensed Consolidated Statements of Financial Condition. For all consolidated funds in which redemption rights have not been granted, non-controlling interests are presented within Equity in the Condensed 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 Equity 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 and unvested participating Holdings Partnership Units held by Blackstone personnel and others who are limited partners of the Blackstone Holdings Partnerships. Unvested participating Holdings Partnership Units are excluded from the attribution in periods of loss as they are not contractually obligated to share in losses of the Holdings Partnerships.

Net Income (Loss) Per Share of Common Stock

Basic Income (Loss) Per Share of Common Stock is calculated by dividing Net Income (Loss) Attributable to The Blackstone Group Inc. by the weighted-average shares of common stock, unvested participating shares of common stock outstanding for the period and vested deferred restricted shares of common stock that have been earned for which issuance of the related shares of common stock is deferred until future periods. Diluted Income (Loss) Per Share of Common Stock reflects the impact of all dilutive securities. Unvested participating shares of common stock are excluded from the computation in periods of loss as they are not contractually obligated to share in losses.

Blackstone applies the treasury stock method to determine the dilutive weighted-average common shares outstanding for certain equity-based compensation awards. Blackstone applies the "if-converted" method to the Blackstone Holdings Partnership Units to determine the dilutive impact, if any, of the exchange right included in the Blackstone Holdings Partnership Units.

Reverse Repurchase and 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 Condensed Consolidated Statements of Financial Condition at their contractual amounts and include accrued interest. The carrying value of reverse repurchase and repurchase agreements approximates fair value.

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Blackstone 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 Blackstone, in the event of a counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

Blackstone takes possession of securities purchased under reverse repurchase agreements and is permitted to repledge, deliver or otherwise use such securities. Blackstone 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 Condensed 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 Condensed Consolidated Statements of Financial Condition. Additional disclosures relating to offsetting are discussed in Note 11. "Offsetting of Assets and Liabilities."

Securities Sold, Not Yet Purchased

Securities Sold, Not Yet Purchased consist of equity and debt securities that Blackstone has borrowed and sold. Blackstone 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. Blackstone 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 Condensed Consolidated Statements of Financial Condition.

Derivative Instruments

Blackstone recognizes all derivatives as assets or liabilities on its Condensed Consolidated Statements of Financial Condition at fair value. On the date Blackstone 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"). 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.

Blackstone 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 Blackstone's evaluation of effectiveness of its hedged transaction. At least monthly, Blackstone 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, Blackstone 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 fair values of hedging derivative instruments are reflected within Other Assets in the Condensed Consolidated Statements of Financial Condition.

For freestanding derivative contracts, Blackstone 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 Blackstone, within Investment Income (Loss) in the Condensed Consolidated Statements of Operations. The fair value of freestanding derivative assets of the consolidated Blackstone Funds are recorded within Investments, the

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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 Condensed Consolidated Statements of Financial Condition.

Blackstone has elected to not offset derivative assets and liabilities or financial assets in its Condensed 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 Blackstone, 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 11. "Offsetting of Assets and Liabilities."

Affiliates

Blackstone considers its Founder, senior managing directors, employees, the Blackstone Funds and the Portfolio Companies to be affiliates.

Dividends

Dividends are reflected in the condensed consolidated financial statements when declared.

3. Intangible Assets

Intangible Assets, Net consists of the following:

	June 30, 2021	December 31, 2020
Finite-Lived Intangible Assets/Contractual Rights	\$ 1,745,376	\$ 1,734,076
Accumulated Amortization	(1,423,596)	(1,386,121)
Intangible Assets, Net	<u>\$ 321,780</u>	<u>\$ 347,955</u>

Amortization expense associated with Blackstone's intangible assets was \$18.7 million and \$37.5 million for the three and six month periods ended June 30, 2021, respectively, and \$17.7 million and \$35.5 million for the three and six month periods ended June 30, 2020, respectively.

Amortization of Intangible Assets held at June 30, 2021 is expected to be \$74.9 million, \$67.1 million, \$38.1 million, \$30.5 million, and \$30.5 million for each of the years ending December 31, 2021, 2022, 2023, 2024 and 2025, respectively. Blackstone's Intangible Assets as of June 30, 2021 are expected to amortize over a weighted-average period of 7.3 years.

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4. Investments

Investments consist of the following:

	June 30, 2021	December 31, 2020
Investments of Consolidated Blackstone Funds	\$ 1,871,269	\$ 1,455,008
Equity Method Investments		
Partnership Investments	4,916,674	4,353,234
Accrued Performance Allocations	12,101,142	6,891,262
Corporate Treasury Investments	2,440,325	2,579,716
Other Investments	833,912	337,922
	<u>\$ 22,163,322</u>	<u>\$ 15,617,142</u>

Blackstone's share of Investments of Consolidated Blackstone Funds totaled \$417.9 million and \$198.3 million at June 30, 2021 and December 31, 2020, respectively.

Where appropriate, the accounting for Blackstone's investments incorporates the changes in fair value of those investments as determined under GAAP. The significant inputs and assumptions required to determine the change in fair value of the investments of Consolidated Blackstone Funds, Corporate Treasury Investments and Other Investments are discussed in more detail in Note 8. "Fair Value Measurements of Financial Instruments."

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 (Loss) – Net Gains (Losses) from Fund Investment Activities in the Condensed Consolidated Statements of Operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized Gains (Losses)	\$ 33,001	\$ (61,698)	\$ 61,995	\$ (134,972)
Net Change in Unrealized Gains (Losses)	88,489	216,552	172,956	(116,790)
Realized and Net Change in Unrealized Gains (Losses) from Consolidated Blackstone Funds	121,490	154,854	234,951	(251,762)
Interest and Dividend Revenue Attributable to Consolidated Blackstone Funds	5,626	3,443	12,518	82,685
Other Income (Loss) – Net Gains (Losses) from Fund Investment Activities	<u>\$ 127,116</u>	<u>\$ 158,297</u>	<u>\$ 247,469</u>	<u>\$ (169,077)</u>

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. Prior to January 26, 2021, Partnership Investments also included the 40% non-controlling interest in Pátria Investments Limited and Pátria Investimentos Ltda. (collectively, "Pátria").

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On January 26, 2021, Pátria completed its initial public offering (“IPO”), pursuant to which Blackstone sold a portion of its interests and no longer has representatives or the right to designate representatives on Pátria’s board of directors. As a result of Pátria’s pre-IPO reorganization transactions (which included Blackstone’s sale of 10% of Pátria’s pre-IPO shares to Pátria’s controlling shareholder) and the consummation of the IPO, Blackstone is deemed to no longer have significant influence over Pátria due to Blackstone’s decreased ownership and lack of board representation. Following the IPO, Blackstone will account for its retained interest in Pátria at fair value in accordance with the GAAP guidance for investments in equity securities with a readily determinable fair value.

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. As of and for the six months ended June 30, 2021 and 2020, 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 \$423.3 million and \$247.8 million for the three months ended June 30, 2021 and 2020, respectively. Blackstone recognized net gains (losses) related to its equity method investments of \$1.1 billion and \$(318.7) million for the six months ended June 30, 2021 and 2020, respectively.

Accrued Performance Allocations

Accrued Performance Allocations to Blackstone were as follows:

	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
Accrued Performance Allocations, December 31, 2020	\$ 3,033,462	\$ 3,487,206	\$ 42,293	\$ 328,301	\$ 6,891,262
Performance Allocations as a Result of Changes in Fund Fair Values	2,210,007	3,717,840	405,611	176,351	6,509,809
Foreign Exchange Loss	(17,258)	—	—	—	(17,258)
Fund Distributions	(703,349)	(488,879)	(14,243)	(76,200)	(1,282,671)
Accrued Performance Allocations, June 30, 2021	<u>\$ 4,522,862</u>	<u>\$ 6,716,167</u>	<u>\$ 433,661</u>	<u>\$ 428,452</u>	<u>\$ 12,101,142</u>

Corporate Treasury Investments

The portion of corporate treasury investments included in Investments represents Blackstone’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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized Gains (Losses)	\$ (1,049)	\$ (4,273)	\$ 5,885	\$ (1,756)
Net Change in Unrealized Gains (Losses)	29,523	114,990	39,452	(143,397)
	<u>\$ 28,474</u>	<u>\$ 110,717</u>	<u>\$ 45,337</u>	<u>\$ (145,153)</u>

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Other Investments

Other Investments consist primarily of proprietary investment securities held by Blackstone, including subordinated notes in non-consolidated CLO vehicles and the retained interest in Pátria following Pátria's IPO. Other Investments include equity investments without readily determinable fair values which have a carrying value of \$113.1 million as of June 30, 2021. The following table presents Blackstone's Realized and Net Change in Unrealized Gains (Losses) in Other Investments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized Gains	\$ 29,309	\$ 6,348	\$ 29,422	\$ 13,333
Net Change in Unrealized Gains (Losses)	1,065	26,573	285,567	(73,364)
	<u>\$ 30,374</u>	<u>\$ 32,921</u>	<u>\$ 314,989</u>	<u>\$ (60,031)</u>

5. Net Asset Value as Fair Value

A summary of fair value by strategy type and ability to redeem such investments as of June 30, 2021 is presented below:

Strategy (a)	Fair Value	Redemption Frequency (if currently eligible)	Redemption Notice Period
Diversified Instruments	\$ 994	(b)	(b)
Credit Driven	299,130	(c)	(c)
Equity	50,440	(d)	(d)
Commodities	990	(e)	(e)
	<u>\$ 351,554</u>		

(a) As of June 30, 2021, Blackstone had no unfunded commitments.

(b) Diversified Instruments include investments in funds that invest across multiple 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.

(c) The Credit Driven category includes investments in hedge funds that invest primarily in domestic and international bonds. Investments representing 5% of the fair value of the investments in this category are in liquidation. The remaining 95% of investments in this category may not be redeemed at, or within three months of, the reporting date.

(d) The Equity category includes investments in hedge funds that invest primarily in domestic and international equity securities. Investments representing 1% of the fair value of the investments in this category are in liquidation. The remaining 99% of investments in this category are redeemable as of the reporting date. As of the reporting date, the investee fund manager had elected to side-pocket 1% of Blackstone's investments in the category.

(e) 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

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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.

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 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.

	June 30, 2021				December 31, 2020			
	Assets		Liabilities		Assets		Liabilities	
	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value
Freestanding Derivatives								
Blackstone								
Interest Rate Contracts	\$ 882,179	\$ 103,813	\$ 916,011	\$ 139,841	\$ 684,320	\$ 113,072	\$ 862,887	\$ 190,342
Foreign Currency								
Contracts	104,040	1,536	362,161	6,143	316,787	7,392	334,015	3,941
Credit Default Swaps	2,007	161	10,183	1,050	2,706	331	9,158	1,350
Other	—	—	—	—	5,000	5,227	—	—
	<u>988,226</u>	<u>105,510</u>	<u>1,288,355</u>	<u>147,034</u>	<u>1,008,813</u>	<u>126,022</u>	<u>1,206,060</u>	<u>195,633</u>
Investments of Consolidated Blackstone Funds								
Foreign Currency								
Contracts	76,410	2,066	5,299	35	—	—	66,431	2,651
Interest Rate Contracts	—	—	14,000	1,094	—	—	14,000	1,485
Credit Default Swaps	3,507	291	23,484	1,130	8,282	542	41,290	1,558
Total Return Swaps	—	—	—	—	—	—	19,275	2,125
	<u>79,917</u>	<u>2,357</u>	<u>42,783</u>	<u>2,259</u>	<u>8,282</u>	<u>542</u>	<u>140,996</u>	<u>7,819</u>
	<u>\$ 1,068,143</u>	<u>\$ 107,867</u>	<u>\$ 1,331,138</u>	<u>\$ 149,293</u>	<u>\$ 1,017,095</u>	<u>\$ 126,564</u>	<u>\$ 1,347,056</u>	<u>\$ 203,452</u>

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The table below summarizes the impact to the Condensed Consolidated Statements of Operations from derivative financial instruments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Freestanding Derivatives				
Realized Gains (Losses)				
Interest Rate Contracts	\$ (348)	\$ (2,613)	\$ 1,298	\$ (7,914)
Foreign Currency Contracts	2,887	8,567	4,423	(5,140)
Credit Default Swaps	(8)	(13)	(990)	(112)
Total Return Swaps	(65)	(782)	(1,415)	(1,531)
Other	—	—	(40)	(38)
	<u>2,466</u>	<u>5,159</u>	<u>3,276</u>	<u>(14,735)</u>
Net Change in Unrealized Gains (Losses)				
Interest Rate Contracts	39,484	(27,963)	45,185	80,335
Foreign Currency Contracts	(3,249)	(8,258)	(3,376)	3,587
Credit Default Swaps	—	18	842	(1,371)
Total Return Swaps	—	877	2,130	(4,099)
Other	—	—	(20)	36
	<u>36,235</u>	<u>(35,326)</u>	<u>44,761</u>	<u>78,488</u>
	<u>\$ 38,701</u>	<u>\$ (30,167)</u>	<u>\$ 48,037</u>	<u>\$ 63,753</u>

As of June 30, 2021 and December 31, 2020, Blackstone 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:

	June 30, 2021	December 31, 2020
Assets		
Loans and Receivables	\$ 223,796	\$ 581,079
Equity and Preferred Securities	695,434	532,790
Debt Securities	329,555	448,352
	<u>\$ 1,248,785</u>	<u>\$ 1,562,221</u>
Liabilities		
Corporate Treasury Commitments	\$ 447	\$ 244

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The following tables present the Realized and Net Change in Unrealized Gains (Losses) on financial instruments on which the fair value option was elected:

	Three Months Ended June 30,			
	2021		2020	
	Realized Gains (Losses)	Net Change in Unrealized Gains	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)
Assets				
Loans and Receivables	\$ (3,065)	\$ 7,012	\$ (2,249)	\$ 13,101
Equity and Preferred Securities	18,444	9,530	—	59,612
Debt Securities	1,303	1,923	(9,487)	60,988
Assets of Consolidated CLO Vehicles (a)				
Corporate Loans	—	—	(52,293)	538,367
	<u>\$ 16,682</u>	<u>\$ 18,465</u>	<u>\$ (64,029)</u>	<u>\$ 672,068</u>
Liabilities				
Liabilities of Consolidated CLO Vehicles (a)				
Senior Secured Notes	\$ —	\$ —	\$ —	\$ (495,059)
Subordinated Notes	—	—	—	73,504
Corporate Treasury Commitments	—	7	—	(2,030)
	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ —</u>	<u>\$ (423,585)</u>
Six Months Ended June 30,				
	2021		2020	
	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)	Realized Gains (Losses)	Net Change in Unrealized Gains (Losses)
Assets				
Loans and Receivables	\$ (7,896)	\$ 5,083	\$ (5,770)	\$ (268)
Equity and Preferred Securities	18,444	40,401	(342)	(103,747)
Debt Securities	9,970	(4,235)	(21,103)	(9,129)
Assets of Consolidated CLO Vehicles (a)				
Corporate Loans	—	—	(96,194)	(226,542)
Other	—	—	—	(325)
	<u>\$ 20,518</u>	<u>\$ 41,249</u>	<u>\$ (123,409)</u>	<u>\$ (340,011)</u>
Liabilities				
Liabilities of Consolidated CLO Vehicles (a)				
Senior Secured Notes	\$ —	\$ —	\$ —	\$ 199,445
Subordinated Notes	—	—	—	30,046
Corporate Treasury Commitments	—	(193)	—	(2,030)
	<u>\$ —</u>	<u>\$ (193)</u>	<u>\$ —</u>	<u>\$ 227,461</u>

(a) During the year ended December 31, 2020, Blackstone deconsolidated nine CLO vehicles. See Note 9. "Variable Interest Entities" for additional details.

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The following table presents information for those financial instruments for which the fair value option was elected:

	June 30, 2021			December 31, 2020		
	For Financial Assets			For Financial Assets		
	Past Due			Past Due		
	(Deficiency) of Fair Value Over Principal	Fair Value	Excess of Fair Value Over Principal	(Deficiency) of Fair Value Over Principal	Fair Value	Excess of Fair Value Over Principal
Loans and Receivables	\$ (2,569)	\$ —	\$ —	\$ (7,807)	\$ —	\$ —
Debt Securities	(26,978)	—	—	(29,359)	—	—
	<u>\$ (29,547)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (37,166)</u>	<u>\$ —</u>	<u>\$ —</u>

As of June 30, 2021 and December 31, 2020, no Loans and Receivables for which the fair value option was elected were past due or in non-accrual status.

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8. Fair Value Measurements of Financial Instruments

The following tables summarize the valuation of Blackstone's financial assets and liabilities by the fair value hierarchy:

	June 30, 2021				
	Level I	Level II	Level III	NAV	Total
Assets					
Cash and Cash Equivalents	\$ 398,672	\$ —	\$ —	\$ —	\$ 398,672
Investments					
Investments of Consolidated Blackstone Funds					
Investment Funds	—	—	—	299,596	299,596
Equity Securities, Partnerships and LLC Interests	35,247	163,841	923,618	—	1,122,706
Debt Instruments	670	386,574	59,366	—	446,610
Freestanding Derivatives	—	2,357	—	—	2,357
Total Investments of Consolidated Blackstone Funds	35,917	552,772	982,984	299,596	1,871,269
Corporate Treasury Investments	510,186	1,894,540	35,396	203	2,440,325
Other Investments	503,932	116,250	48,862	51,755	720,799
Total Investments	1,050,035	2,563,562	1,067,242	351,554	5,032,393
Accounts Receivable - Loans and Receivables	—	—	223,796	—	223,796
Other Assets - Freestanding Derivatives	505	105,005	—	—	105,510
	\$ 1,449,212	\$ 2,668,567	\$ 1,291,038	\$ 351,554	\$ 5,760,371
Liabilities					
Securities Sold, Not Yet Purchased	\$ 11,953	\$ 23,830	\$ —	\$ —	\$ 35,783
Accounts Payable, Accrued Expenses and Other Liabilities					
Consolidated Blackstone Funds - Freestanding Derivatives	—	2,259	—	—	2,259
Freestanding Derivatives	1,086	145,948	—	—	147,034
Corporate Treasury Commitments (a)	—	—	447	—	447
Total Accounts Payable, Accrued Expenses and Other Liabilities	1,086	148,207	447	—	149,740
	\$ 13,039	\$ 172,037	\$ 447	\$ —	\$ 185,523

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	December 31, 2020				
	Level I	Level II	Level III	NAV	Total
Assets					
Cash and Cash Equivalents	\$ 597,130	\$ 15,606	\$ —	\$ —	\$ 612,736
Investments					
Investments of Consolidated Blackstone Funds					
Investment Funds	—	—	—	15,711	15,711
Equity Securities, Partnerships and LLC Interests	39,694	48,471	792,958	—	881,123
Debt Instruments	—	492,280	65,352	—	557,632
Freestanding Derivatives	—	542	—	—	542
Total Investments of Consolidated Blackstone Funds	39,694	541,293	858,310	15,711	1,455,008
Corporate Treasury Investments	996,516	1,517,809	7,899	57,492	2,579,716
Other Investments	187,089	—	61,053	4,762	252,904
Total Investments	1,223,299	2,059,102	927,262	77,965	4,287,628
Accounts Receivable - Loans and Receivables	—	—	581,079	—	581,079
Other Assets - Freestanding Derivatives	162	125,860	—	—	126,022
	<u>\$ 1,820,591</u>	<u>\$ 2,200,568</u>	<u>\$ 1,508,341</u>	<u>\$ 77,965</u>	<u>\$ 5,607,465</u>
Liabilities					
Securities Sold, Not Yet Purchased	\$ 9,324	\$ 41,709	\$ —	\$ —	\$ 51,033
Accounts Payable, Accrued Expenses and Other Liabilities					
Consolidated Blackstone Funds - Freestanding Derivatives	—	7,819	—	—	7,819
Freestanding Derivatives	373	195,260	—	—	195,633
Corporate Treasury Commitments (a)	—	—	244	—	244
Total Accounts Payable, Accrued Expenses and Other Liabilities	373	203,079	244	—	203,696
	<u>\$ 9,697</u>	<u>\$ 244,788</u>	<u>\$ 244</u>	<u>\$ —</u>	<u>\$ 254,729</u>

LLC Limited Liability Company.

(a) Corporate Treasury Commitments are measured using third party pricing.

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The following table summarizes the quantitative inputs and assumptions used for items categorized in Level III of the fair value hierarchy as of June 30, 2021:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted-Average (a)	Impact to Valuation from an Increase in Input
Financial Assets						
Investments of Consolidated Blackstone Funds						
Equity Securities, Partnership and LLC Interests	\$ 923,618	Discounted Cash Flows	Discount Rate	2.8% - 43.8%	10.4%	Lower
			Exit Multiple - EBITDA	3.7x - 27.0x	12.8x	Higher
			Exit Capitalization Rate	1.7% - 14.9%	5.2%	Lower
		Transaction Price	n/a			
Debt Instruments	59,366	Discounted Cash Flows	Discount Rate	6.6% -19.3%	9.7%	Lower
		Third Party Pricing	n/a			
Total Investments of Consolidated Blackstone Funds	982,984					
Corporate Treasury Investments	35,396	Discounted Cash Flows	Discount Rate	5.6% - 8.1%	6.5%	Lower
		Third Party Pricing	n/a			
		Transaction Price	n/a			
Loans and Receivables	223,796	Discounted Cash Flows	Discount Rate	6.6% - 8.3%	7.4%	Lower
Other Investments	48,862	Third Party Pricing	n/a			
		Transaction Price	n/a			
	<u>\$ 1,291,038</u>					

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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, 2020:

	Fair Value	Valuation Techniques	Unobservable Inputs	Ranges	Weighted-Average (a)	Impact to Valuation from an Increase in Input
Financial Assets						
Investments of Consolidated Blackstone Funds						
Equity Securities, Partnership and LLC Interests	\$ 792,958	Discounted Cash Flows	Discount Rate	3.8% - 42.1%	10.8%	Lower
			Exit Multiple - EBITDA	1.7x - 24.0x	13.2x	Higher
			Exit Capitalization Rate	2.7% - 14.9%	5.4%	Lower
		Transaction Price	n/a			
		Other	n/a			
Debt Instruments	65,352	Discounted Cash Flows	Discount Rate	6.3% - 19.3%	8.6%	Lower
		Third Party Pricing	n/a			
Total Investments of Consolidated Blackstone Funds	858,310					
Corporate Treasury Investments	7,899	Discounted Cash Flows	Discount Rate	3.3% - 7.4%	6.4%	Lower
		Third Party Pricing	n/a			
Loans and Receivables	581,079	Discounted Cash Flows	Discount Rate	6.7% - 10.3%	7.8%	Lower
Other Investments	61,053	Third Party Pricing	n/a			
		Transaction Price	n/a			
		Other	n/a			
	<u>\$ 1,508,341</u>					

n/a Not applicable.

EBITDA Earnings before interest, taxes, depreciation and amortization.

Exit Multiple Ranges include the last twelve months EBITDA and forward EBITDA multiples.

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.

Since December 31, 2020, 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 Blackstone 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. These tables also exclude financial assets and liabilities measured at fair value on a non-recurring basis. 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 Condensed Consolidated Statements of Operations.

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Level III Financial Assets at Fair Value
Three Months Ended June 30,

	2021				2020			
	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	\$ 885,228	\$ 604,611	\$ 41,160	\$ 1,530,999	\$ 1,014,098	\$ 218,115	\$ 47,909	\$ 1,280,122
Transfer Into Level III (b)	1,266	—	—	1,266	316,551	—	8,402	324,953
Transfer Out of Level III (b)	(12,187)	—	—	(12,187)	(200,964)	—	(16,850)	(217,814)
Purchases	99,223	33,434	33,458	166,115	125,218	7,160	4,559	136,937
Sales	(79,993)	(408,488)	(1,014)	(489,495)	(51,971)	(75,689)	(7,626)	(135,286)
Issuances	—	12,594	—	12,594	—	—	—	—
Settlements	—	(28,155)	—	(28,155)	—	(1,637)	—	(1,637)
Changes in Gains (Losses) Included in Earnings	89,447	9,800	(129)	99,118	12,442	14,419	(2,697)	24,164
Balance, End of Period	\$ 982,984	\$ 223,796	\$ 73,475	\$ 1,280,255	\$ 1,215,374	\$ 162,368	\$ 33,697	\$ 1,411,439
Changes in Unrealized Gains (Losses) Included in Earnings Related to Financial Assets Still Held at the Reporting Date	\$ 68,862	\$ 746	\$ (128)	\$ 69,480	\$ (27,616)	\$ 9,521	\$ (7,782)	\$ (25,877)

Level III Financial Assets at Fair Value
Six Months Ended June 30,

	2021				2020			
	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	\$ 858,310	\$ 581,079	\$ 46,158	\$ 1,485,547	\$ 1,050,272	\$ 500,751	\$ 29,289	\$ 1,580,312
Transfer Into Level III (b)	1,804	—	—	1,804	282,400	—	25,001	307,401
Transfer Out of Level III (b)	(88,841)	—	—	(88,841)	(147,510)	—	(18,875)	(166,385)
Purchases	186,080	356,763	33,459	576,302	226,824	170,899	5,771	403,494
Sales	(127,985)	(701,212)	(6,163)	(835,360)	(111,580)	(506,881)	(12,665)	(631,126)
Issuances	—	19,340	—	19,340	—	—	—	—
Settlements	—	(45,555)	—	(45,555)	—	(3,650)	—	(3,650)
Changes in Gains (Losses) Included in Earnings	153,616	13,381	21	167,018	(85,032)	1,249	5,176	(78,607)
Balance, End of Period	\$ 982,984	\$ 223,796	\$ 73,475	\$ 1,280,255	\$ 1,215,374	\$ 162,368	\$ 33,697	\$ 1,411,439
Changes in Unrealized Gains (Losses) Included in Earnings Related to Financial Assets Still Held at the Reporting Date	\$ 125,918	\$ (3,110)	\$ (71)	\$ 122,737	\$ (97,403)	\$ 4,940	\$ (123)	\$ (92,586)

(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.

9. Variable Interest Entities

Pursuant to GAAP consolidation guidance, Blackstone consolidates certain VIEs for which it 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 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 are similar, including loss of invested capital and loss of management fees and performance-

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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. Blackstone 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 Blackstone for the consolidated VIEs' liabilities.

During the year ended December 31, 2020, Blackstone determined that it was no longer the primary beneficiary and deconsolidated nine CLO vehicles as a result of an ownership reorganization and the ongoing decline in Blackstone's economic exposure to these vehicles. Following the ownership reorganization, there are no remaining consolidated CLO vehicles. As of the date of deconsolidation, Blackstone's Total Assets, Total Liabilities and Non-Controlling Interests in Consolidated Entities were reduced by \$6.8 billion, \$6.6 billion and \$216.3 million, respectively. Blackstone will continue to receive management fees and Performance Allocations from these vehicles following the dilution of its ownership interests.

Blackstone holds variable interests in certain VIEs which are not consolidated as it is determined that Blackstone is not the primary beneficiary. Blackstone's involvement with such entities is in the form of direct and indirect 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. Blackstone's maximum exposure to loss relating to non-consolidated VIEs were as follows:

	June 30, 2021	December 31, 2020
Investments	\$ 1,988,177	\$ 1,307,292
Due from Affiliates	416,699	262,815
Potential Clawback Obligation	43,529	38,679
Maximum Exposure to Loss	<u>\$ 2,448,405</u>	<u>\$ 1,608,786</u>
Amounts Due to Non-Consolidated VIEs	<u>\$ 209</u>	<u>\$ 241</u>

10. Repurchase Agreements

At June 30, 2021 and December 31, 2020, Blackstone pledged securities with a carrying value of \$80.0 million and \$110.8 million, respectively, and cash to collateralize its repurchase agreements. Such securities can be repledged, delivered or otherwise used by the counterparty.

The following tables provide information regarding Blackstone's Repurchase Agreements obligation by type of collateral pledged:

	June 30, 2021				
	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	\$ —	\$ —	\$ 25,121	\$ 32,126	<u>\$57,247</u>
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 11. "Offsetting of Assets and Liabilities"					<u>\$57,247</u>
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 11. "Offsetting of Assets and Liabilities"					<u>\$ —</u>

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December 31, 2020					
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	\$ —	\$ 15,345	\$ 32,759	\$ 28,704	\$76,808
Gross Amount of Recognized Liabilities for Repurchase Agreements in Note 11. "Offsetting of Assets and Liabilities"					\$76,808
Amounts Related to Agreements Not Included in Offsetting Disclosure in Note 11. "Offsetting of Assets and Liabilities"					\$ —

11. Offsetting of Assets and Liabilities

The following tables present the offsetting of assets and liabilities as of June 30, 2021 and December 31, 2020:

June 30, 2021				
	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
		Financial Instruments (a)	Cash Collateral Received	
Assets				
Freestanding Derivatives	\$ 106,296	\$ 104,616	\$ 46	\$ 1,634
June 30, 2021				
	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 (a)	Cash Collateral Pledged	
Liabilities				
Freestanding Derivatives	\$ 149,293	\$ 129,569	\$ 13,857	\$ 5,867
Repurchase Agreements	57,247	57,247	—	—
	<u>\$ 206,540</u>	<u>\$ 186,816</u>	<u>\$ 13,857</u>	<u>\$ 5,867</u>

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December 31, 2020				
	Gross and Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
		Financial Instruments (a)	Cash Collateral Received	
Assets				
Freestanding Derivatives	\$ 126,564	\$ 114,673	\$ 53	\$ 11,838

December 31, 2020				
	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 (a)	Cash Collateral Pledged	
Liabilities				
Freestanding Derivatives	\$ 202,188	\$ 174,623	\$ 19,194	\$ 8,371
Repurchase Agreements	76,808	76,808	—	—
	<u>\$ 278,996</u>	<u>\$ 251,431</u>	<u>\$ 19,194</u>	<u>\$ 8,371</u>

(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.

Repurchase Agreements are presented separately on the Condensed Consolidated Statements of Financial Condition. Freestanding Derivative assets are included in Other Assets in the Condensed Consolidated Statements of Financial Condition. The following table presents the components of Other Assets:

	June 30, 2021	December 31, 2020
Furniture, Equipment and Leasehold Improvements, Net	\$ 242,072	\$ 231,807
Prepaid Expenses	193,899	105,248
Freestanding Derivatives	105,510	126,022
Other	15,233	17,945
	<u>\$ 556,714</u>	<u>\$ 481,022</u>

Freestanding Derivative liabilities are included in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed 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

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interest expense or income. As of June 30, 2021, the aggregate cash balance on deposit relating to the cash pooling arrangement was \$724.3 million, which was offset with an accompanying overdraft of \$724.3 million.

12. Borrowings

On August 5, 2021, Blackstone, through its indirect subsidiary Blackstone Holdings Finance Co. L.L.C. (the “Issuer”), issued \$650 million aggregate principal amount of senior notes due August 5, 2028 (the “2028 Notes”), \$800 million aggregate principal amount of senior notes due January 30, 2032 (the “2032 Notes”) and \$550 million aggregate principal amount of senior notes due August 5, 2051 (the “2051 Notes”). The 2028 Notes have an interest rate of 1.625% per annum, the 2032 Notes have an interest rate of 2.000% per annum and the 2051 Notes have an interest rate of 2.850% per annum, in each case accruing from August 5, 2021. Interest on the 2028 Notes and the 2051 Notes is payable semi-annually in arrears on February 5 and August 5 of each year commencing on February 5, 2022. Interest on the 2032 Notes is payable semi-annually in arrears on January 30 and July 30 of each year commencing on January 30, 2022.

All of Blackstone’s outstanding senior notes, including the 2028 Notes, 2032 Notes and 2051 Notes are unsecured and unsubordinated obligations of the Issuer that are fully and unconditionally guaranteed by The Blackstone Group Inc. and its indirect subsidiaries, 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. (the “Guarantors”). The guarantees are unsecured and unsubordinated obligations of the Guarantors. Transaction costs related to the issuance of the 2028 Notes, 2032 Notes and 2051 Notes have been capitalized and will be amortized over the life of the 2028 Notes, 2032 Notes and 2051 Notes.

The following table presents the general characteristics of each of Blackstone’s outstanding notes as of June 30, 2021 and December 31, 2020, as well as their carrying value and fair value. The notes are included in Loans Payable within the Condensed Consolidated Statements of Financial Condition. All of the notes were issued at a discount. All of the notes accrue interest from the issue date thereof and all pay interest in arrears on a semi-annual basis or annual basis.

Senior Notes	June 30, 2021		December 31, 2020	
	Carrying Value	Fair Value (a)	Carrying Value	Fair Value (a)
4.750%, Due 2/15/2023	\$ 397,975	\$ 426,880	\$ 397,385	\$ 434,400
2.000%, Due 5/19/2025	384,722	383,630	362,947	398,620
1.000%, Due 10/5/2026	712,608	738,872	724,646	770,707
3.150%, Due 10/2/2027	297,561	324,720	297,387	332,370
1.500%, Due 4/10/2029	666,320	763,418	728,054	805,744
2.500%, Due 1/10/2030	491,201	517,500	490,745	538,200
1.600%, Due 3/30/2031	495,319	474,750	495,100	497,950
6.250%, Due 8/15/2042	238,789	364,025	238,668	372,250
5.000%, Due 6/15/2044	489,322	665,200	489,201	684,800
4.450%, Due 7/15/2045	344,346	432,495	344,282	449,645
4.000%, Due 10/2/2047	290,630	353,070	290,533	364,590
3.500%, Due 9/10/2049	392,007	440,760	391,925	460,120
2.800%, Due 9/30/2050	393,749	395,400	393,681	406,280
	<u>\$5,594,549</u>	<u>\$6,280,720</u>	<u>\$5,644,554</u>	<u>\$6,515,676</u>

(a) Fair value is determined by broker quote and these notes would be classified as Level II within the fair value hierarchy.

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Scheduled principal payments for borrowings as of June 30, 2021 were as follows:

	Operating Borrowings	Blackstone Fund Facilities	Total Borrowings
2021	\$ —	\$ 99	\$ 99
2022	—	—	—
2023	400,000	—	400,000
2024	—	—	—
2025	355,740	—	355,740
Thereafter	4,922,960	—	4,922,960
	<u>\$ 5,678,700</u>	<u>\$ 99</u>	<u>\$ 5,678,799</u>

13. Income Taxes

Prior to the Conversion, Blackstone and certain of its subsidiaries operated in the U.S. as partnerships for income tax purposes (partnerships generally are not subject to federal income taxes) and generally as corporate entities in non-U.S. jurisdictions. Subsequent to the Conversion, all income attributable to Blackstone is subject to U.S. corporate income taxes.

The Conversion resulted in a step-up in the tax basis of certain assets that will be recovered as those assets are sold or the basis is amortized.

Blackstone was a cash taxpayer for the three and six months ended June 30, 2021. Blackstone's effective tax rate was 9.2% and 9.8% for the three months ended June 30, 2021 and 2020, respectively, and 4.4% and 0.9% for the six months ended June 30, 2021 and 2020, respectively. Blackstone's income tax provision (benefit) was \$288.3 million and \$147.4 million for the three months ended June 30, 2021 and 2020, respectively, and \$287.8 million and \$(11.3) million for the six months ended June 30, 2021 and 2020, respectively. For the three and six months ended June 30, 2021, the effective tax rate differs from the statutory rate primarily because: (a) a portion of the reported net income (loss) before taxes is attributable to non-controlling interest holders and (b) of the net change to the valuation allowance related to the step-up in the tax basis of investment tax assets. For the three and six months ended June 30, 2020, the effective tax rate differs from the statutory rate primarily because: (a) a portion of the reported net income (loss) before taxes is attributable to non-controlling interest holders and (b) of the net change to the valuation allowance related to the step-up in the tax basis of investment tax assets.

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14. Earnings Per Share and Stockholders' Equity

Earnings Per Share

Basic and diluted net income per share of common stock for the three and six months ended June 30, 2021 and 2020 was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Income (Loss) for Per Share of Common Stock Calculations				
Net Income (Loss) Attributable to The Blackstone Group Inc., Basic	\$ 1,309,152	\$ 568,266	\$ 3,057,024	\$ (498,226)
Incremental Net Income from Assumed Exchange of Blackstone Holdings Partnership Units	—	405,459	—	—
Net Income (Loss) Attributable to The Blackstone Group Inc., Diluted	<u>\$ 1,309,152</u>	<u>\$ 973,725</u>	<u>\$ 3,057,024</u>	<u>\$ (498,226)</u>
Shares/Units Outstanding				
Weighted-Average Shares of Common Stock Outstanding, Basic	721,141,954	698,534,168	715,121,029	677,041,769
Weighted-Average Shares of Unvested Deferred Restricted Common Stock	123,226	123,340	501,179	—
Weighted-Average Blackstone Holdings Partnership Units	—	505,754,449	—	—
Weighted-Average Shares of Common Stock Outstanding, Diluted	<u>721,265,180</u>	<u>1,204,411,957</u>	<u>715,622,208</u>	<u>677,041,769</u>
Net Income (Loss) Per Share of Common Stock				
Basic	<u>\$ 1.82</u>	<u>\$ 0.81</u>	<u>\$ 4.27</u>	<u>\$ (0.74)</u>
Diluted	<u>\$ 1.82</u>	<u>\$ 0.81</u>	<u>\$ 4.27</u>	<u>\$ (0.74)</u>
Dividends Declared Per Share of Common Stock (a)	<u>\$ 0.82</u>	<u>\$ 0.39</u>	<u>\$ 1.78</u>	<u>\$ 1.00</u>

(a) Dividends declared reflects the calendar date of the declaration for each dividend.

In computing the dilutive effect that the exchange of Blackstone Holdings Partnership Units would have on Net Income Per Share of Common Stock, Blackstone considered that net income available to holders of shares of common stock would increase due to the elimination of non-controlling interests in Blackstone Holdings, inclusive of any tax impact. The hypothetical conversion may be dilutive to the extent there is activity at The Blackstone Group Inc. level that has not previously been attributed to the non-controlling interests or if there is a change in tax rate as a result of a hypothetical conversion.

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The following table summarizes the anti-dilutive securities for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Weighted-Average Shares of Unvested Deferred Restricted Common Stock	—	—	—	15,672,449
Weighted-Average Blackstone Holdings Partnership Units	488,569,471	—	490,857,143	508,487,300

Stockholders' Equity

In connection with the Conversion, effective July 1, 2019, each common unit of the Partnership outstanding immediately prior to the Conversion converted into one issued and outstanding, fully paid and nonassessable share of Class A common stock, \$0.00001 par value per share, of the Company. The special voting unit of the Partnership outstanding immediately prior to the Conversion converted into one issued and outstanding, fully paid and nonassessable share of Class B common stock, \$0.00001 par value per share, of the Company. The general partner units of the Partnership outstanding immediately prior to the Conversion converted into one issued and outstanding, fully paid and nonassessable share of Class C common stock, \$0.00001 par value per share, of the Company.

In connection with the share reclassification, effective February 26, 2021, the Certificate of Incorporation of The Blackstone Group Inc. was amended and restated to: (a) rename the Class A common stock as "common stock," which has the same rights and powers (including, without limitation, with respect to voting) that Blackstone's Class A common stock formerly had, (b) reclassify the "Class B common stock" into a new "Series I preferred stock," which has the same rights and powers that the Class B common stock formerly had, and (c) reclassify the Class C common stock into a new "Series II preferred stock," which has the same rights and powers that the Class C common stock formerly had. In connection with such share reclassification, the Company authorized 10 billion shares of preferred stock with a par value of \$0.00001, of which (a) 999,999,000 shares are designated as Series I preferred stock and (b) 1,000 shares are designated as Series II preferred stock. The remaining 9 billion shares may be designated from time to time in accordance with Blackstone's certificate of incorporation. There was 1 share of Series I preferred stock and 1 share of Series II preferred stock issued and outstanding as of June 30, 2021.

Under Blackstone's certificate of incorporation and Delaware law, holders of Blackstone's common stock are entitled to vote, together with holders of Blackstone's Series I preferred stock, voting as a single class, on a number of significant matters, including certain sales, exchanges or other dispositions of all or substantially all of Blackstone's assets, a merger, consolidation or other business combination, the removal of the Series II Preferred Stockholder and forced transfer by the Series II Preferred Stockholder of its shares of Series II preferred stock and the designation of a successor Series II Preferred Stockholder. The Series II Preferred Stockholder elects the Company's directors. Holders of Blackstone's Series I preferred stock and Series II preferred stock are not entitled to dividends from the Company, or receipt of any of the Company's assets in the event of any dissolution, liquidation or winding up. Blackstone Partners L.L.C. is the sole holder of the Series I preferred stock and Blackstone Group Management L.L.C. is the sole holder of the Series II preferred stock.

Share Repurchase Program

On May 6, 2021, Blackstone's board of directors authorized the repurchase of up to \$1.0 billion of common stock and Blackstone Holdings Partnership Units. Under the repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual numbers repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

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During the three and six months ended June 30, 2021, Blackstone repurchased 3.2 million shares of common stock at a total cost of \$289.1 million. During the three and six months ended June 30, 2020, Blackstone repurchased 2.0 million and 7.0 million shares, respectively, of common stock at a total cost of \$114.9 million and \$368.4 million, respectively. As of June 30, 2021, the amount remaining available for repurchases under the repurchase program was \$758.4 million.

Shares Eligible for Dividends and Distributions

As of June 30, 2021, the total shares of common stock and Blackstone Holdings Partnership Units entitled to participate in dividends and distributions were as follows:

	<u>Shares/Units</u>
Common Stock Outstanding	691,093,463
Unvested Participating Common Stock	29,381,076
Total Participating Common Stock	720,474,539
Participating Blackstone Holdings Partnership Units	487,276,882
	<u><u>1,207,751,421</u></u>

15. Equity-Based Compensation

Blackstone has granted equity-based compensation awards to Blackstone's senior managing directors, non-partner professionals, non-professionals and selected external advisers under Blackstone's Amended and Restated 2007 Equity Incentive Plan (the "Equity Plan"). The Equity Plan allows for the granting of options, share appreciation rights or other share-based awards (shares, restricted shares, restricted shares of common stock, deferred restricted shares of common stock, phantom restricted shares of common stock or other share-based awards based in whole or in part on the fair value of shares of common stock or Blackstone Holdings Partnership Units) which may contain certain service or performance requirements. As of January 1, 2021, Blackstone had the ability to grant 171,130,080 shares under the Equity Plan.

For the three and six months ended June 30, 2021, Blackstone recorded compensation expense of \$141.6 million and \$305.4 million, respectively, in relation to its equity-based awards with corresponding tax benefits of \$18.8 million and \$40.7 million, respectively. For the three and six months ended June 30, 2020, Blackstone recorded compensation expense of \$119.9 million and \$238.7 million, respectively, in relation to its equity-based awards with corresponding tax benefits of \$14.7 million and \$28.4 million, respectively.

As of June 30, 2021, there was \$1.4 billion of estimated unrecognized compensation expense related to unvested awards. This cost is expected to be recognized over a weighted-average period of 3.5 years.

Total vested and unvested outstanding shares, including common stock, Blackstone Holdings Partnership Units and deferred restricted shares of common stock, were 1,207,856,387 as of June 30, 2021. Total outstanding phantom shares were 92,051 as of June 30, 2021.

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A summary of the status of Blackstone's unvested equity-based awards as of June 30, 2021 and of changes during the period January 1, 2021 through June 30, 2021 is presented below:

Unvested Shares/Units	Blackstone Holdings		The Blackstone Group Inc.			
	Partnership Units	Weighted- Average Grant Date Fair Value	Equity Settled Awards		Cash Settled Awards	
			Deferred Restricted Shares of Common Stock	Weighted- Average Grant Date Fair Value	Phantom Shares	Weighted- Average Grant Date Fair Value
Balance, December 31, 2020	23,771,136	\$ 36.33	19,512,034	\$ 42.60	65,284	\$ 60.42
Granted	—	—	11,844,962	72.88	22,000	89.68
Vested	(1,590,073)	36.19	(2,611,721)	47.63	(1,211)	69.96
Forfeited	(535,650)	41.28	(390,170)	46.08	—	—
Balance, June 30, 2021	21,645,413	\$ 36.50	28,355,105	\$ 54.75	86,073	\$ 92.42

Shares/Units Expected to Vest

The following unvested shares and units, after expected forfeitures, as of June 30, 2021, are expected to vest:

	Shares/Units	Weighted- Average Service Period in Years
Blackstone Holdings Partnership Units	19,772,774	2.3
Deferred Restricted Shares of Common Stock	24,434,747	3.5
Total Equity-Based Awards	44,207,521	3.0
Phantom Shares	70,356	2.9

16. Related Party Transactions

Affiliate Receivables and Payables

Due from Affiliates and Due to Affiliates consisted of the following:

	June 30, 2021	December 31, 2020
Due from Affiliates		
Management Fees, Performance Revenues, Reimbursable Expenses and Other Receivables from Non-Consolidated Entities and Portfolio Companies	\$ 2,462,256	\$ 2,637,055
Due from Certain Non-Controlling Interest Holders and Blackstone Employees	661,193	548,897
Accrual for Potential Clawback of Previously Distributed Performance Allocations	36,380	35,563
	<u>\$ 3,159,829</u>	<u>\$ 3,221,515</u>

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	June 30, 2021	December 31, 2020
Due to Affiliates		
Due to Certain Non-Controlling Interest Holders in Connection with the Tax Receivable Agreements	\$ 951,574	\$ 857,523
Due to Non-Consolidated Entities	149,924	107,410
Due to Certain Non-Controlling Interest Holders and Blackstone Employees	38,562	61,539
Accrual for Potential Repayment of Previously Received Performance Allocations	86,444	108,569
	<u>\$ 1,226,504</u>	<u>\$ 1,135,041</u>

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 June 30, 2021 and December 31, 2020, such investments aggregated \$1.4 billion and \$1.1 billion, respectively. Their share of the Net Income (Loss) Attributable to Redeemable Non-Controlling and Non-Controlling Interests in Consolidated Entities aggregated to \$116.2 million and \$64.1 million for the three months ended June 30, 2021 and 2020, respectively, and \$233.6 million and \$(114.3) million for the six months ended June 30, 2021 and 2020, 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 \$1.0 million and \$1.1 million for the three months ended June 30, 2021 and 2020, respectively, and \$3.3 million and \$4.1 million for the six months ended June 30, 2021 and 2020, 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 June 30, 2021. See Note 17. "Commitments and Contingencies — Contingencies — Contingent Obligations (Clawback)."

Aircraft and Other Services

In the normal course of business, Blackstone makes use of aircraft owned by Stephen A. Schwarzman; aircraft owned by Jonathan D. Gray; and aircraft owned jointly by Joseph P. Baratta and two other individuals (each such aircraft, "Personal Aircraft"). Each of Messrs. Schwarzman, Gray and Baratta paid for his respective ownership interest in his Personal Aircraft himself and bears his respective share of all operating, personnel and maintenance costs associated with the operation of such Personal Aircraft. The payments Blackstone makes for the use of the Personal Aircraft are based on current 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

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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 Condensed Consolidated Financial Statements.

Tax Receivable Agreements

Blackstone used a portion of the proceeds from the IPO and other sales of shares 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 shares of Blackstone common stock 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 would otherwise be required to pay in the future.

Blackstone 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.

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 \$951.6 million over the next 15 years. The after-tax net present value of these estimated payments totals \$261.5 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.

Amounts related to the deferred tax asset resulting from the increase in tax basis from the exchange of Blackstone Holdings Partnership Units to shares of Blackstone common stock, 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 Condensed 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 17. "Commitments and Contingencies — Contingencies — Guarantees" for information regarding guarantees provided to a lending institution for certain loans held by employees.

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17. Commitments and Contingencies

Commitments

Investment Commitments

Blackstone had \$3.7 billion of investment commitments as of June 30, 2021 representing general partner capital funding commitments to the Blackstone Funds, limited partner capital funding to other funds and Blackstone principal investment commitments, including loan commitments. The consolidated Blackstone Funds had signed investment commitments of \$293.0 million as of June 30, 2021, which includes \$216.3 million of signed investment commitments for portfolio company acquisitions in the process of closing.

Contingencies

Guarantees

Certain of Blackstone's consolidated real estate funds guarantee payments to third parties in connection with the ongoing business activities and/or acquisitions of their Portfolio Companies. There is no direct recourse to Blackstone to fulfill such obligations. To the extent that underlying funds are required to fulfill guarantee obligations, Blackstone's invested capital in such funds is at risk. Total investments at risk in respect of guarantees extended by consolidated real estate funds was \$16.7 million as of June 30, 2021.

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 The Blackstone Group International Partners LLP. The amount guaranteed as of June 30, 2021 was \$216.3 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 Blackstone.

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 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 (the "Mayberry Plaintiffs") 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 named 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-Vice Chairman of Blackstone and CEO of BAAM L.P. (collectively, the "Blackstone Defendants"). Aside from the Blackstone Defendants, the action also named current and former KRS trustees and former KRS officers and various other service providers to KRS and their related persons.

The Mayberry 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 defendants, including the Blackstone Defendants, filed petitions in the Kentucky Court of Appeals for a writ of prohibition against the ongoing Mayberry proceedings on the ground that the Mayberry Plaintiffs lack standing. Certain KRS trustee

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and officer defendants also noticed appeals from the Circuit Court's denial of the motions to dismiss, which were transferred to the Kentucky Supreme Court.

On April 23, 2019, the Kentucky Court of Appeals granted the Blackstone Defendants' petition for a writ of prohibition and vacated the Circuit Court's November 30, 2018 Opinion and Order denying the motion to dismiss for lack of standing. On April 24, 2019, the Mayberry Plaintiffs filed a notice of appeal of that order to the Kentucky Supreme Court.

On July 9, 2020, the Kentucky Supreme Court unanimously held that the Mayberry Plaintiffs lack constitutional standing to bring their claims and remanded the case to the Circuit Court with direction to dismiss the complaint. On July 20, 2020, the Kentucky Attorney General filed a motion to intervene and a proposed intervening complaint in the Mayberry action on behalf of the Commonwealth of Kentucky. The Blackstone Defendants filed an objection to that motion on July 30, 2020. On July 21, 2020, the Kentucky Attorney General also filed a separate action in Franklin County Circuit Court that is nearly identical to its proposed intervening complaint.

In addition, on July 29, 2020, counsel for certain of the Mayberry Plaintiffs filed a motion for leave to amend their complaint. On December 28, 2020, the Circuit Court dismissed the Mayberry Plaintiffs' complaint for lack of standing, denied the Mayberry Plaintiffs' motion for leave to amend, and granted the Kentucky Attorney General's motion to intervene. On May 24, 2021, the Attorney General filed its first amended complaint, which generally asserts the same allegations and claims as the Attorney General's proposed intervening complaint and the Mayberry Plaintiffs' original complaint. On July 30, 2021, the Blackstone Defendants filed a motion to dismiss the first amended complaint.

On December 31, 2020, three potentially new derivative plaintiffs brought a motion in the Circuit Court for leave to file a third amended complaint. The new derivative plaintiffs alleged they had standing and sought to press the Mayberry Plaintiffs' case. The Circuit Court ordered the three potentially new derivative plaintiffs to file a motion to intervene, which they filed on February 1, 2021. On March 2, 2021, the Blackstone Defendants, certain other defendants, the Kentucky Attorney General, and KRS filed responses opposing the motion to intervene. On June 14, 2021, the Circuit Court denied the motion to intervene.

On January 6, 2021, the same three potentially new derivative plaintiffs also filed a separate derivative action that is substantially the same as the amended complaint they had sought to file in the original derivative action. On July 9, 2021, these same plaintiffs filed their first amended complaint. The first amended complaint is not styled as a derivative complaint, but rather as a purported "class" complaint brought on behalf of all KRS beneficiaries in KRS's "Tier 3" pension plan. Defendants' deadline to respond to the first amended complaint is September 20, 2021. On July 19, 2021, the Blackstone Defendants and other defendants removed this purported class action to federal court in the United States District Court for the Eastern District of Kentucky. On August 3, 2021, the plaintiffs moved to remand the lawsuit back to state court. Defendants' opposition to the motion to remand is due August 23, 2021.

On April 28, 2021, the Kentucky Attorney General filed a declaratory judgment action in Franklin County Circuit Court on behalf of the Commonwealth of Kentucky. The Attorney General's complaint alleges that certain provisions in the subscription agreements between KRS and the managers of the three funds at issue in the Mayberry action violate the Kentucky Constitution. The Attorney General's suit names as defendants BAAM L.P., Blackstone, and five other defendants also named in the Mayberry action. On July 12, 2021, BAAM L.P. and Blackstone filed their answer to the complaint. On July 28, 2021, BAAM L.P. filed a motion for judgment on the pleadings, or in the alternative, for summary judgment seeking dismissal of the action and arguing the relevant contractual provisions are enforceable under the Kentucky Constitution. Also on July 28, 2021, Blackstone filed a motion for judgment on the pleadings seeking dismissal on the basis that Blackstone was not a party to the relevant agreements and is not subject to jurisdiction in Kentucky for this action.

Blackstone continues to believe that these suits are totally without merit and intends to defend them vigorously.

Finally, on July 30, 2021, BAAM L.P. filed a complaint in the Franklin Circuit Court in Kentucky asserting claims for breach of contract against Kentucky Public Pensions Authority (the administrative board overseeing KRS pension systems following a restructuring on April 1, 2021), Board of Trustees of KRS, Board of Trustees of the County Employees Retirement System, KRS Insurance Fund, and KRS Pension Fund, based on KRS's breach of its representations in its subscription agreements with BAAM L.P.

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The complaint alleges that KRS's support and prosecution of the Mayberry action and the Kentucky Attorney General's declaratory judgment action breaches the parties' subscription agreements governing KRS's investment with BAAM L.P and seeks damages flowing from that breach, including legal fees and expenses incurred in defending against the Mayberry and declaratory judgment actions. The KRS defendants' response to the complaint is currently due September 8, 2021.

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:

Segment	June 30, 2021			December 31, 2020		
	Blackstone Holdings	Current and Former Personnel (a)	Total (b)	Blackstone Holdings	Current and Former Personnel (a)	Total (b)
Real Estate	\$ 30,689	\$ 18,596	\$ 49,285	\$ 28,283	\$ 17,102	\$ 45,385
Private Equity	5,544	2,006	7,550	41,722	(8,623)	33,099
Credit & Insurance	13,831	15,778	29,609	13,935	16,150	30,085
	<u>\$ 50,064</u>	<u>\$ 36,380</u>	<u>\$ 86,444</u>	<u>\$ 83,940</u>	<u>\$ 24,629</u>	<u>\$ 108,569</u>

(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.

(b) Total is a component of Due to Affiliates. See Note 16. "Related Party Transactions — Affiliate Receivables and Payables — Due to Affiliates."

For Private Equity, Real Estate, and certain Credit & Insurance 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 Condensed Consolidated Financial Statements of Blackstone, 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 June 30, 2021, \$856.4 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 & Insurance segment, payment of Performance Allocations to Blackstone 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 June 30, 2021, all of the investments held by Blackstone's carry funds were deemed worthless, a possibility that management views as remote, the amount of Performance Allocations subject to potential clawback would be \$3.6 billion, on an after-tax basis where applicable, of which Blackstone Holdings is potentially liable for \$3.4 billion if current and former Blackstone personnel default on their share of the liability, a possibility that management also views as remote.

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18. 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 and high-grade real estate debt funds, liquid real estate debt funds, North America, Europe, Asia and life science-focused Core+ real estate funds, which also include a non-listed REIT, and a NYSE-listed REIT.
- Private Equity – Blackstone’s Private Equity segment includes its management of flagship corporate private equity funds, sector and geographically-focused corporate private equity funds, including energy and Asia-focused funds, core private equity funds, an opportunistic investment platform, a secondary fund of funds business, infrastructure-focused funds, a life sciences private investment platform, a growth equity 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 interests in more established general partners and management companies of funds, invest in special situation opportunities, create alternative solutions through daily liquidity products and invest directly.
- Credit & Insurance – Blackstone’s Credit & Insurance segment consists principally of Blackstone Credit, which is organized into two overarching strategies: private credit (which includes mezzanine lending funds, middle market direct lending funds, including Blackstone’s business development companies, structured products group, stressed/distressed strategies and energy strategies) and liquid credit (which consists of CLOs, closed-ended funds, open-ended funds and separately managed accounts). In addition, the segment includes a publicly traded master limited partnership investment platform, Harvest, and Blackstone’s insurer-focused platform, Blackstone Insurance Solutions.

These business segments are differentiated by their various investment strategies. The Real Estate, Private Equity, Hedge Fund Solutions and Credit & Insurance segments primarily earn their income from management fees and investment returns on assets under management.

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.

For segment reporting purposes, Segment 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.

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Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
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Segment Presentation

The following tables present the financial data for Blackstone's four segments for the three months ended June 30, 2021 and 2020:

	Three Months Ended June 30, 2021				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 453,664	\$ 364,606	\$ 155,244	\$ 166,537	\$ 1,140,051
Transaction, Advisory and Other Fees, Net	38,080	32,272	1,558	6,215	78,125
Management Fee Offsets	(493)	(3,601)	(203)	(1,137)	(5,434)
Total Management and Advisory Fees, Net	491,251	393,277	156,599	171,615	1,212,742
Fee Related Performance Revenues	33,776	—	—	15,113	48,889
Fee Related Compensation	(121,957)	(136,767)	(38,638)	(78,023)	(375,385)
Other Operating Expenses	(54,760)	(61,041)	(21,873)	(44,504)	(182,178)
Fee Related Earnings	348,310	195,469	96,088	64,201	704,068
Realized Performance Revenues	351,053	383,010	17,056	41,819	792,938
Realized Performance Compensation	(154,928)	(159,375)	(5,626)	(18,342)	(338,271)
Realized Principal Investment Income	28,129	27,796	2,125	5,082	63,132
Total Net Realizations	224,254	251,431	13,555	28,559	517,799
Total Segment Distributable Earnings	\$ 572,564	\$ 446,900	\$ 109,643	\$ 92,760	\$ 1,221,867

	Three Months Ended June 30, 2020				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 382,704	\$ 268,070	\$ 145,455	\$ 145,565	\$ 941,794
Transaction, Advisory and Other Fees, Net	32,039	9,521	859	5,873	48,292
Management Fee Offsets	(2,436)	(8,031)	4	(2,890)	(13,353)
Total Management and Advisory Fees, Net	412,307	269,560	146,318	148,548	976,733
Fee Related Performance Revenues	6,505	—	—	8,528	15,033
Fee Related Compensation	(116,640)	(92,825)	(40,353)	(57,086)	(306,904)
Other Operating Expenses	(44,525)	(44,827)	(17,807)	(36,424)	(143,583)
Fee Related Earnings	257,647	131,908	88,158	63,566	541,279
Realized Performance Revenues	34,209	64,513	1,482	1,973	102,177
Realized Performance Compensation	(12,547)	(25,016)	—	(224)	(37,787)
Realized Principal Investment Income (Loss)	1,573	17,416	(331)	280	18,938
Total Net Realizations	23,235	56,913	1,151	2,029	83,328
Total Segment Distributable Earnings	\$ 280,882	\$ 188,821	\$ 89,309	\$ 65,595	\$ 624,607

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The following tables present the financial data for Blackstone's four segments as of June 30, 2021 and for the six months ended June 30, 2021 and 2020:

	June 30, 2021 and the Six Months Then Ended				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 880,850	\$ 742,266	\$ 305,777	\$ 328,448	\$ 2,257,341
Transaction, Advisory and Other Fees, Net	64,099	74,979	5,904	11,783	156,765
Management Fee Offsets	(2,116)	(17,520)	(261)	(3,262)	(23,159)
Total Management and Advisory Fees, Net	942,833	799,725	311,420	336,969	2,390,947
Fee Related Performance Revenues	189,168	—	—	28,889	218,057
Fee Related Compensation	(310,449)	(277,364)	(77,488)	(155,194)	(820,495)
Other Operating Expenses	(99,122)	(112,096)	(41,045)	(91,339)	(343,602)
Fee Related Earnings	722,430	410,265	192,887	119,325	1,444,907
Realized Performance Revenues	439,691	638,855	48,629	67,086	1,194,261
Realized Performance Compensation	(177,690)	(270,584)	(12,534)	(28,387)	(489,195)
Realized Principal Investment Income	128,949	143,199	37,675	51,465	361,288
Total Net Realizations	390,950	511,470	73,770	90,164	1,066,354
Total Segment Distributable Earnings	\$ 1,113,380	\$ 921,735	\$ 266,657	\$ 209,489	\$ 2,511,261
Segment Assets	\$ 11,049,049	\$ 14,178,326	\$ 2,803,086	\$ 3,754,874	\$ 31,785,335

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	Six Months Ended June 30, 2020				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total Segments
Management and Advisory Fees, Net					
Base Management Fees	\$ 754,142	\$ 522,044	\$ 285,111	\$ 290,893	\$ 1,852,190
Transaction, Advisory and Other Fees, Net	55,063	30,934	1,617	11,343	98,957
Management Fee Offsets	(10,777)	(17,246)	(38)	(5,786)	(33,847)
Total Management and Advisory Fees, Net	798,428	535,732	286,690	296,450	1,917,300
Fee Related Performance Revenues	11,056	—	—	16,443	27,499
Fee Related Compensation	(236,936)	(203,193)	(86,544)	(126,495)	(653,168)
Other Operating Expenses	(85,001)	(85,828)	(36,474)	(75,165)	(282,468)
Fee Related Earnings	487,547	246,711	163,672	111,233	1,009,163
Realized Performance Revenues	77,929	176,589	3,249	11,643	269,410
Realized Performance Compensation	(25,939)	(79,659)	(945)	(2,546)	(109,089)
Realized Principal Investment Income (Loss)	8,873	27,763	(940)	3,532	39,228
Total Net Realizations	60,863	124,693	1,364	12,629	199,549
Total Segment Distributable Earnings	\$ 548,410	\$ 371,404	\$ 165,036	\$ 123,862	\$ 1,208,712

Reconciliations of Total Segment Amounts

The following tables reconcile the Total Segment Revenues, Expenses and Distributable Earnings to their equivalent GAAP measure for the three and six months ended June 30, 2021 and 2020 along with Total Assets as of June 30, 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenues				
Total GAAP Revenues	\$ 5,291,354	\$ 2,516,069	\$ 10,590,226	\$ (559,895)
Less: Unrealized Performance Revenues (a)	(2,697,170)	(1,067,923)	(5,161,667)	2,385,523
Less: Unrealized Principal Investment Income (b)	(104,658)	(223,316)	(528,592)	393,294
Less: Interest and Dividend Revenue (c)	(32,931)	(26,290)	(64,343)	(63,889)
Less: Other Revenue (d)	(27,870)	55,606	(88,143)	(82,545)
Impact of Consolidation (e)	(312,076)	(141,599)	(581,392)	179,519
Amortization of Intangibles (f)	—	387	—	774
Transaction-Related Charges (g)	12	(1,310)	(3,611)	(2,140)
Intersegment Eliminations	1,040	1,257	2,075	2,796
Total Segment Revenue (h)	\$ 2,117,701	\$ 1,112,881	\$ 4,164,553	\$ 2,253,437

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Expenses				
Total GAAP Expenses	\$ 2,272,330	\$ 1,172,681	\$ 4,323,777	\$ 534,606
Less: Unrealized Performance Allocations				
Compensation (i)	(1,150,219)	(454,813)	(2,200,188)	942,565
Less: Equity-Based Compensation (j)	(121,422)	(89,341)	(265,694)	(176,813)
Less: Interest Expense (k)	(44,132)	(38,924)	(88,472)	(80,464)
Impact of Consolidation (e)	(6,647)	(9,020)	(11,747)	(20,479)
Amortization of Intangibles (f)	(17,044)	(16,096)	(34,168)	(32,192)
Transaction-Related Charges (g)	(35,521)	(77,470)	(67,032)	(125,294)
Administrative Fee Adjustment (l)	(2,551)	—	(5,259)	—
Intersegment Eliminations	1,040	1,257	2,075	2,796
Total Segment Expenses (m)	<u>\$ 895,834</u>	<u>\$ 488,274</u>	<u>\$ 1,653,292</u>	<u>\$ 1,044,725</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Other Income				
Total GAAP Other Income	\$ 126,724	\$ 158,373	\$ 249,987	\$ (169,596)
Impact of Consolidation (e)	(126,724)	(158,373)	(249,987)	169,596
Total Segment Other Income	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Income (Loss) Before Provision (Benefit) for Taxes				
Total GAAP Income (Loss) Before Provision (Benefit) for Taxes	\$ 3,145,748	\$ 1,501,761	\$ 6,516,436	\$ (1,264,097)
Less: Unrealized Performance Revenues (a)	(2,697,170)	(1,067,923)	(5,161,667)	2,385,523
Less: Unrealized Principal Investment Income (b)	(104,658)	(223,316)	(528,592)	393,294
Less: Interest and Dividend Revenue (c)	(32,931)	(26,290)	(64,343)	(63,889)
Less: Other Revenue (d)	(27,870)	55,606	(88,143)	(82,545)
Plus: Unrealized Performance Allocations				
Compensation (i)	1,150,219	454,813	2,200,188	(942,565)
Plus: Equity-Based Compensation (j)	121,422	89,341	265,694	176,813
Plus: Interest Expense (k)	44,132	38,924	88,472	80,464
Impact of Consolidation (e)	(432,153)	(290,952)	(819,632)	369,594
Amortization of Intangibles (f)	17,044	16,483	34,168	32,966
Transaction-Related Charges (g)	35,533	76,160	63,421	123,154
Administrative Fee Adjustment (l)	2,551	—	5,259	—
Total Segment Distributable Earnings	<u>\$ 1,221,867</u>	<u>\$ 624,607</u>	<u>\$ 2,511,261</u>	<u>\$ 1,208,712</u>

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	As of June 30, 2021
Total Assets	
Total GAAP Assets	\$ 33,297,192
Impact of Consolidation (e)	(1,511,857)
Total Segment Assets	<u>\$ 31,785,335</u>

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. For the three months ended June 30, 2021 and 2020, Other Revenue on a GAAP basis was \$27.9 million and \$(55.6) million, and included \$27.3 million and \$(56.7) million of foreign exchange gains (losses), respectively. For the six months ended June 30, 2021 and 2020, Other Revenue on a GAAP basis was \$88.2 million and \$82.6 million, and included \$86.9 million and \$80.3 million of foreign exchange gains (losses), respectively.
- (e) 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 removal of revenue from the reimbursement of certain expenses by the Blackstone Funds, which are presented gross under GAAP but netted against Management and Advisory Fees, Net in the Total Segment measures, and the removal of amounts associated with the ownership of Blackstone consolidated operating partnerships held by non-controlling interests.
- (f) 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 was historically accounted for under the equity method. As a result of Pátria's IPO in January 2021, equity method has been discontinued and there will no longer be amortization of intangibles associated with the investment.
- (g) 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.
- (h) Total Segment Revenues is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total Segment Management and Advisory Fees, Net	\$ 1,212,742	\$ 976,733	\$ 2,390,947	\$ 1,917,300
Total Segment Fee Related Performance Revenues	48,889	15,033	218,057	27,499
Total Segment Realized Performance Revenues	792,938	102,177	1,194,261	269,410
Total Segment Realized Principal Investment Income	63,132	18,938	361,288	39,228
Total Segment Revenues	<u>\$ 2,117,701</u>	<u>\$ 1,112,881</u>	<u>\$ 4,164,553</u>	<u>\$ 2,253,437</u>

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- (i) This adjustment removes Unrealized Performance Allocations Compensation.
- (j) This adjustment removes Equity-Based Compensation on a segment basis.
- (k) This adjustment adds back Interest Expense on a segment basis, excluding interest expense related to the Tax Receivable Agreement.
- (l) This adjustment adds an amount equal to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units. The administrative fee is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.
- (m) Total Segment Expenses is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total Segment Fee Related Compensation	\$ 375,385	\$ 306,904	\$ 820,495	\$ 653,168
Total Segment Realized Performance Compensation	338,271	37,787	489,195	109,089
Total Segment Other Operating Expenses	182,178	143,583	343,602	282,468
Total Segment Expenses	\$895,834	\$ 488,274	\$ 1,653,292	\$ 1,044,725

Reconciliations of Total Segment Components

The following tables reconcile the components of Total Segments to their equivalent GAAP measures, reported on the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Management and Advisory Fees, Net				
GAAP	\$ 1,212,549	\$ 969,728	\$ 2,390,364	\$ 1,904,560
Segment Adjustment (a)	193	7,005	583	12,740
Total Segment	\$ 1,212,742	\$ 976,733	\$ 2,390,947	\$ 1,917,300

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP Realized Performance Revenues to Total Segment				
Fee Related Performance Revenues				
GAAP				
Incentive Fees	\$ 33,207	\$ 15,300	\$ 69,331	\$ 27,461
Investment Income - Realized Performance Allocations	808,620	101,910	1,342,987	269,440
GAAP	841,827	117,210	1,412,318	296,901
Total Segment				
Less: Realized Performance Revenues	(792,938)	(102,177)	(1,194,261)	(269,410)
Segment Adjustment (b)	—	—	—	8
Total Segment	\$ 48,889	\$ 15,033	\$ 218,057	\$ 27,499
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP Compensation to Total Segment Fee Related				
Compensation				
GAAP				
Compensation	\$ 507,104	\$ 458,457	\$ 1,049,742	\$ 935,000
Incentive Fee Compensation	14,431	8,432	27,756	14,954
Realized Performance Allocations Compensation	347,423	38,569	560,450	110,992
GAAP	868,958	505,458	1,637,948	1,060,946
Total Segment				
Less: Realized Performance Compensation	(338,271)	(37,787)	(489,195)	(109,089)
Less: Equity-Based Compensation - Operating Compensation	(119,491)	(87,205)	(261,165)	(172,539)
Less: Equity-Based Compensation - Performance Compensation	(1,931)	(2,136)	(4,529)	(4,274)
Segment Adjustment (c)	(33,880)	(71,426)	(62,564)	(121,876)
Total Segment	\$ 375,385	\$ 306,904	\$ 820,495	\$ 653,168
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP General, Administrative and Other to Total Segment				
Other Operating Expenses				
GAAP				
Segment Adjustment (d)	(22,879)	(25,468)	(46,577)	(44,149)
Total Segment	\$ 182,178	\$ 143,583	\$ 343,602	\$ 282,468

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized Performance Revenues				
GAAP				
Incentive Fees	\$ 33,207	\$ 15,300	\$ 69,331	\$ 27,461
Investment Income - Realized Performance Allocations	808,620	101,910	1,342,987	269,440
GAAP	841,827	117,210	1,412,318	296,901
Total Segment				
Less: Fee Related Performance Revenues	(48,889)	(15,033)	(218,057)	(27,499)
Segment Adjustment (b)	—	—	—	8
Total Segment	\$ 792,938	\$ 102,177	\$ 1,194,261	\$ 269,410

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized Performance Compensation				
GAAP				
Incentive Fee Compensation	\$ 14,431	\$ 8,432	\$ 27,756	\$ 14,954
Realized Performance Allocation Compensation	347,423	38,569	560,450	110,992
GAAP	361,854	47,001	588,206	125,946
Total Segment				
Less: Fee Related Performance Compensation	(21,652)	(7,078)	(94,482)	(12,583)
Less: Equity-Based Compensation - Performance Compensation	(1,931)	(2,136)	(4,529)	(4,274)
Total Segment	\$ 338,271	\$ 37,787	\$ 489,195	\$ 109,089

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Realized Principal Investment Income				
GAAP	\$ 152,060	\$ 61,102	\$ 507,098	\$ 109,797
Segment Adjustment (e)	(88,928)	(42,164)	(145,810)	(70,569)
Total Segment	\$ 63,132	\$ 18,938	\$ 361,288	\$ 39,228

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 Management and Advisory Fees, Net in the Total Segment measures.
- (b) Represents the add back of Performance Revenues earned from consolidated Blackstone Funds which have been eliminated in consolidation.

The Blackstone Group Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited) - Continued
(All Dollars are in Thousands, Except Share and Per Share Data, Except Where Noted)

- (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 Management and Advisory Fees, Net in the Total Segment measures. The three and six months ended June 30, 2021 includes a reduction equal to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units which is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.
- (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.

19. Subsequent Events

On July 14, 2021, Blackstone announced that it entered into a stock purchase agreement with American International Group, Inc. ("AIG") to acquire a 9.9% equity stake in SAFG Retirement Services, Inc. ("SAFG") for an aggregate cash purchase price of \$2.2 billion, subject to purchase price adjustments. SAFG is expected to be the parent company of AIG's Life and Retirement ("AIG L&R") business at the time of the anticipated initial public offering of AIG L&R, which AIG previously announced it is pursuing. In connection with the closing of the transaction, Blackstone will enter into a long-term strategic asset management partnership to serve as the exclusive investment manager of AIG L&R with respect to certain asset classes.

On August 5, 2021, Blackstone issued \$650 million aggregate principal amount of 1.625% senior notes due August 5, 2028, \$800 million aggregate principal amount of 2.000% senior notes due January 30, 2032 and \$550 million aggregate principal amount of 2.850% senior notes due August 5, 2051. For additional information see Note 12. "Borrowings."

Item 1A. Unaudited Supplemental Presentation of Statements of Financial Condition

The Blackstone Group Inc.
Unaudited Consolidating Statements of Financial Condition
(Dollars in Thousands)

	June 30, 2021			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Reclasses and Eliminations	Consolidated
Assets				
Cash and Cash Equivalents	\$ 2,467,444	\$ —	\$ —	\$ 2,467,444
Cash Held by Blackstone Funds and Other	—	109,676	—	109,676
Investments	20,700,820	1,871,269	(408,767)	22,163,322
Accounts Receivable	502,168	80,374	—	582,542
Due from Affiliates	3,301,073	12,475	(153,719)	3,159,829
Intangible Assets, Net	321,780	—	—	321,780
Goodwill	1,890,202	—	—	1,890,202
Other Assets	556,165	549	—	556,714
Right-of-Use Assets	723,539	—	—	723,539
Deferred Tax Assets	1,322,144	—	—	1,322,144
Total Assets	\$ 31,785,335	\$ 2,074,343	\$ (562,486)	\$ 33,297,192
Liabilities and Equity				
Loans Payable	\$ 5,594,549	\$ 99	\$ —	\$ 5,594,648
Due to Affiliates	1,125,981	254,241	(153,718)	1,226,504
Accrued Compensation and Benefits	5,789,662	—	—	5,789,662
Securities Sold, Not Yet Purchased	11,953	23,830	—	35,783
Repurchase Agreements	—	57,247	—	57,247
Operating Lease Liabilities	841,152	—	—	841,152
Accounts Payable, Accrued Expenses and Other Liabilities	1,171,568	33,614	—	1,205,182
Total Liabilities	14,534,865	369,031	(153,718)	14,750,178
Redeemable Non-Controlling Interests in Consolidated Entities	22,000	43,568	—	65,568
Equity				
Common Stock	7	—	—	7
Series I Preferred Stock	—	—	—	—
Series II Preferred Stock	—	—	—	—
Additional Paid-in-Capital	6,282,600	383,095	(383,095)	6,282,600
Retained Earnings	2,133,794	25,673	(25,673)	2,133,794
Accumulated Other Comprehensive Loss	(10,245)	—	—	(10,245)
Non-Controlling Interests in Consolidated Entities	3,607,466	1,252,976	—	4,860,442
Non-Controlling Interests in Blackstone Holdings	5,214,848	—	—	5,214,848
Total Equity	17,228,470	1,661,744	(408,768)	18,481,446
Total Liabilities and Equity	\$ 31,785,335	\$ 2,074,343	\$ (562,486)	\$ 33,297,192

The Blackstone Group Inc.
Unaudited Consolidating Statements of Financial Condition - Continued
(Dollars in Thousands)

	December 31, 2020			
	Consolidated Operating Partnerships	Consolidated Blackstone Funds (a)	Reclasses and Eliminations	Consolidated
Assets				
Cash and Cash Equivalents	\$ 1,999,484	\$ —	\$ —	\$ 1,999,484
Cash Held by Blackstone Funds and Other	—	64,972	—	64,972
Investments	14,425,035	1,455,008	(262,901)	15,617,142
Accounts Receivable	746,059	120,099	—	866,158
Due from Affiliates	3,224,522	10,001	(13,008)	3,221,515
Intangible Assets, Net	347,955	—	—	347,955
Goodwill	1,901,485	—	—	1,901,485
Other Assets	480,760	262	—	481,022
Right-of-Use Assets	526,943	—	—	526,943
Deferred Tax Assets	1,242,576	—	—	1,242,576
Total Assets	\$ 24,894,819	\$ 1,650,342	\$ (275,909)	\$ 26,269,252
Liabilities and Equity				
Loans Payable	\$ 5,644,554	\$ 99	\$ —	\$ 5,644,653
Due to Affiliates	1,070,955	77,095	(13,009)	1,135,041
Accrued Compensation and Benefits	3,433,260	—	—	3,433,260
Securities Sold, Not Yet Purchased	9,324	41,709	—	51,033
Repurchase Agreements	—	76,808	—	76,808
Operating Lease Liabilities	620,844	—	—	620,844
Accounts Payable, Accrued Expenses and Other Liabilities	679,883	37,221	—	717,104
Total Liabilities	11,458,820	232,932	(13,009)	11,678,743
Redeemable Non-Controlling Interests in Consolidated Entities				
	21,999	43,162	—	65,161
Equity				
Common Stock	7	—	—	7
Series I Preferred Stock	—	—	—	—
Series II Preferred Stock	—	—	—	—
Additional Paid-in-Capital	6,332,105	269,235	(269,235)	6,332,105
Retained Earnings	335,762	(6,335)	6,335	335,762
Accumulated Other Comprehensive Loss	(15,831)	—	—	(15,831)
Non-Controlling Interests in Consolidated Entities	2,930,809	1,111,348	—	4,042,157
Non-Controlling Interests in Blackstone Holdings	3,831,148	—	—	3,831,148
Total Equity	13,414,000	1,374,248	(262,900)	14,525,348
Total Liabilities and Equity	\$ 24,894,819	\$ 1,650,342	\$ (275,909)	\$ 26,269,252

(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 Annex Onshore Fund L.P.*
 Blackstone Horizon Fund L.P.*
 Blackstone Real Estate Special Situations Holdings L.P.
 Blackstone Strategic Alliance Fund L.P.
 BTD CP Holdings LP
 Mezzanine side-by-side investment vehicles
 Private equity side-by-side investment vehicles
 Real estate side-by-side investment vehicles
 Hedge Fund Solutions side-by-side investment vehicles.

*Consolidated as of June 30, 2021 only.

Item 2. 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 Inc.’s condensed consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q.

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc. In this report, references to “Blackstone,” the “Company,” “we,” “us” or “our” refer to Blackstone Inc. and its consolidated subsidiaries.

Effective February 26, 2021, Blackstone effectuated changes to rename its Class A common stock as “common stock,” and to reclassify its Class B and Class C common stock into a new “Series I preferred stock” and “Series II preferred stock,” respectively (the “share reclassification”). Each new stock has the same rights and powers of its predecessor. All references to common stock, Series I preferred stock and Series II preferred stock prior to the share reclassification refer to Class A, Class B and Class C common stock, respectively. See “— Organizational Structure.”

Our Business

Blackstone is one of the world’s leading investment firms. Our business is organized into four segments:

- **Real Estate.** Our real estate business is a global leader in real estate investing. Our Real Estate segment operates as one globally integrated business, with investments in the Americas, Europe and Asia. Our real estate investment teams seek to utilize our global expertise and presence to generate attractive risk-adjusted returns for our investors and to make a positive impact on the communities in which we invest. Blackstone Real Estate seeks to invest thematically in high-quality assets, focusing where we see outsized growth potential driven by global economic and demographic trends. Blackstone Real Estate has made significant investments in logistics, office, rental housing, hospitality and retail properties around the world, as well as a variety of real estate operating companies.

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.

Our Blackstone Real Estate Debt Strategies (“BREDS”) vehicles primarily target real estate-related debt investment opportunities. BREDS’ scale and investment mandates enable it to provide a variety of lending and investment options including commercial real estate and mezzanine loans, residential mortgage loan pools and liquid real estate-related debt securities. The BREDS platform includes a number of high-yield real estate debt funds, liquid real estate debt funds and BXMT, a NYSE-listed real estate investment trust (“REIT”).

Blackstone Real Estate’s Core+ strategy invests in substantially stabilized real estate globally through regional open-ended funds focused on high-quality assets, the Blackstone Property Partners funds (“BPP”), and Blackstone Real Estate Income Trust, Inc.

("BREIT"), a non-listed REIT that invests in income-generating assets in North America, and Blackstone BioMed Life Science Real Estate L.P. ("BPP Life Sciences"), a long-term, perpetual capital, core+ return fund that owns BioMed Realty and is focused on life science office investments primarily across the U.S.

- **Private Equity.** Our Private Equity segment includes our corporate private equity business, which consists of (a) our flagship private equity funds (Blackstone Capital Partners ("BCP") funds), which includes global funds as well as funds focused specifically on Asia investments, (b) our sector-focused private equity funds, including our energy-focused funds (Blackstone Energy Partners ("BEP") funds) and (c) our core private equity funds, 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) our growth equity investment platform, Blackstone Growth ("BXG"), (f) 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 (g) our capital markets services business, Blackstone Capital Markets ("BXXCM").

We are a global leader in private equity investing. Our corporate private equity business, established in 1987, pursues transactions across industries in both established and growth-oriented businesses across the globe. It strives to create value by investing in great businesses where our capital, strategic insight, global relationships and operational support can drive transformation. Our core private equity funds target control-oriented investments in high-quality companies with durable businesses and seek 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, makes primary investments and co-investments with financial sponsors and provides investment advisory services to clients investing in primary and secondary investments in private funds and co-investments. BIP focuses on investments across all infrastructure sectors, including energy infrastructure, transportation, digital infrastructure, and water and waste with a primary focus in the U.S. BXLS is our private investment platform with capabilities to invest across the life cycle of companies and products within the life sciences sector. BXG seeks to deliver attractive risk-adjusted returns by investing in dynamic, growth-stage businesses, with a focus on the consumer, enterprise solutions, financial services and healthcare sectors.

- **Hedge Fund Solutions.** The principal 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 interests in more established general partners and management companies of funds, invest in special situation opportunities, create alternative solutions through daily liquidity products and invest directly.
- **Credit & Insurance.** The principal component of our Credit & Insurance segment is Blackstone Credit ("BXC"). BXC is one of the largest credit-oriented managers in the world and is the largest manager of collateralized loan obligations ("CLOs") globally. The investment portfolios of the funds BXC 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.

BXC is organized into two overarching strategies: private credit and liquid credit. Private credit strategies include mezzanine lending funds, middle market direct lending funds (including Blackstone Secured Lending Fund ("BXSL") and Blackstone Private Credit Fund ("BCRED"), both of which are business

development companies (“BDCs”)), our structured products group, stressed/distressed strategies (including stressed/distressed funds and credit alpha strategies) and energy strategies. Liquid credit strategies consist of CLOs, closed-ended funds, open-ended funds and separately managed accounts.

Our Credit & Insurance segment includes our insurer-focused platform, Blackstone Insurance Solutions (“BIS”). BIS focuses on providing full investment management services for insurers’ general accounts, delivering customized and diversified portfolios that include allocations to Blackstone managed products and strategies across asset classes and Blackstone’s private credit origination capabilities. BIS provides its clients tailored portfolio construction and strategic asset allocation, seeking to generate risk-managed, capital-efficient returns, diversification and capital preservation that meets clients’ objectives. BIS also provides similar services to clients through separately managed accounts or by sub-managing assets for certain insurance-dedicated funds and special purpose vehicles.

Our Credit & Insurance segment also includes our publicly traded midstream energy infrastructure and master limited partnership (“MLP”) investment platform, which is managed by Harvest Fund Advisors LLC (“Harvest”). Harvest primarily invests capital raised from institutional investors in separately managed accounts and pooled vehicles, investing in publicly traded energy infrastructure and MLPs holding primarily midstream energy assets in North America.

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 also 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 cyclicity of the different businesses in which we operate. Net investment gains and investment income generated by the Blackstone 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 our portfolio company and other investments, the industries in which they operate, the overall economy and other market conditions.

Our Response to COVID-19

As the novel coronavirus (“COVID-19”) pandemic has continued to evolve, our primary focus has been the safety and wellbeing of our employees and their families, as well as the seamless functioning of the firm in serving our limited partner investors who have entrusted us with their capital, and our shareholders. Where remote work has been appropriate or recommended under local government guidelines, our technology infrastructure has proven to be robust and capable of supporting a remote work model. We have implemented rigorous protocols for remote work across the firm, including increased cadence of group calls and updates, and frequent communication across leadership and working levels. We are leveraging technology to ensure our teams stay connected and productive, and that our culture remains strong even in these unusual circumstances. To the extent we are not meeting with our clients in person, we continue to actively communicate with our clients through videoconference, teleconference and email. Investment committees continue to convene as needed, and the firm continues to operate across investment, asset management and corporate support functions.

In July 2020, employees in our U.S. and European offices began returning to the office on a voluntary basis, and in June 2021, the majority of our U.S. employees began returning to the office on a regular basis, in each case consistent with local government guidelines, with testing, contact-tracing and social distancing and other safety protocols in place. In implementing our return to office plans, we continue to closely monitor applicable public health and government guidance, the proliferation of variants and progress on vaccine production and distribution.

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.

The second quarter of 2021 was characterized by continued strength in global equity and credit markets, as the economic recovery advanced in major markets due to progress on COVID-19 vaccine distribution, coupled with continued fiscal and monetary stimulus. In the U.S., 70% of adults had received at least one vaccine dose and over half were fully vaccinated as of August 2, 2021. Continued progress on vaccine distribution is likely to support economic activity and further recovery, albeit with dispersion across sectors.

The S&P 500 Total Return Index rose 8.5% in the second quarter of 2021, with almost every S&P 500 sector posting positive returns, led by Real Estate, Technology and Energy. The Bloomberg Commodity Index rose 13% in the second quarter and the price of West Texas Intermediate crude oil increased 24% in the second quarter to \$73 per barrel, representing an 87% increase since the second quarter of 2020. At the same time, the annual U.S. inflation rate increased to 5.4% in June 2021, up from 2.6% in March, and its highest level since July of 2008.

Volatility continued to decline in the second quarter of 2021, with the CBOE Volatility Index ending the quarter down 18% to 15.8, marking a 48% decline over the last twelve months.

In the credit markets, U.S. leveraged loans and high yield bonds increased 1.5% and 2.5%, respectively, in the second quarter of 2021. High yield spreads compressed 40 basis points in the second quarter, while year to date issuance increased 48% year-over-year. Equity capital markets activity also accelerated in the second quarter on a year-over-year basis, with U.S. equity issuance increasing 140%. Compared to the first quarter of 2021, however, U.S. equity issuance decreased 54%. Merger and acquisition activity also continued to improve, with global announced volumes up 225% year-over-year and 10% compared to the first quarter of 2021.

The Federal Reserve maintained the federal funds target range at 0.0%-0.25%, the range set in March 2020 in response to the initial onset of the COVID-19 pandemic. The U.S. Treasury yield curve decreased in the second quarter, with ten-year yields declining 27 basis points to 1.47%, and continued to decline to 1.16% subsequent to quarter-end. Three month LIBOR declined 5 basis points in the second quarter to 0.15%.

The U.S. unemployment rate as of June 2021 remained relatively flat at 5.9%, well below the April 2020 peak of 14.8%, but still at historically elevated levels. Wages grew, with average hourly earnings increasing 3.6% year-over-year based on the three month average for production and nonsupervisory employees. U.S. retail sales fell 2% in June compared to March 2021 on a seasonally adjusted basis, but increased 16% since June 2020. The Institute for Supply Management Purchasing Managers' Index decreased in the second quarter, falling slightly to 60.6 from 64.7 in the first quarter, but is still at elevated levels, signaling expansion in the U.S. manufacturing sector.

Although many countries around the world are on a path of recovery and COVID-19 vaccination rates continue to rise, new coronavirus variants, including the increasingly prevalent Delta variant, create uncertainty with respect to the ultimate trajectory of the economic recovery, which may remain uneven across the globe.

Notable Transactions

On July 14, 2021, Blackstone announced that it entered into a stock purchase agreement with American International Group, Inc. ("AIG") to acquire a 9.9% equity stake in SAFG Retirement Services, Inc. ("SAFG") for an aggregate cash purchase price of \$2.2 billion, subject to purchase price adjustments. SAFG is expected to be the parent company of AIG's Life and Retirement ("AIG L&R") business at the time of the anticipated initial public offering of AIG L&R, which AIG previously announced it is pursuing. In connection with the closing of the transaction, Blackstone will enter into a long-term strategic asset management partnership to serve as the exclusive investment manager of AIG L&R with respect to certain asset classes.

On August 5, 2021, Blackstone issued \$650 million aggregate principal amount of 1.625% senior notes due August 5, 2028 (the “2028 Notes”), \$800 million aggregate principal amount of 2.000% senior notes due January 30, 2032 (the “2032 Notes”) and \$550 million aggregate principal amount of 2.850% senior notes due August 5, 2051 (the “2051 Notes”). Blackstone intends to use the net proceeds from the sale of the 2028 Notes, 2032 Notes and 2051 Notes for general corporate purposes, which may include funding a portion of the purchase price for the acquisition of a 9.9% equity stake in AIG’s L&R business. For additional information see Note 12. “Borrowings” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements.”

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc.

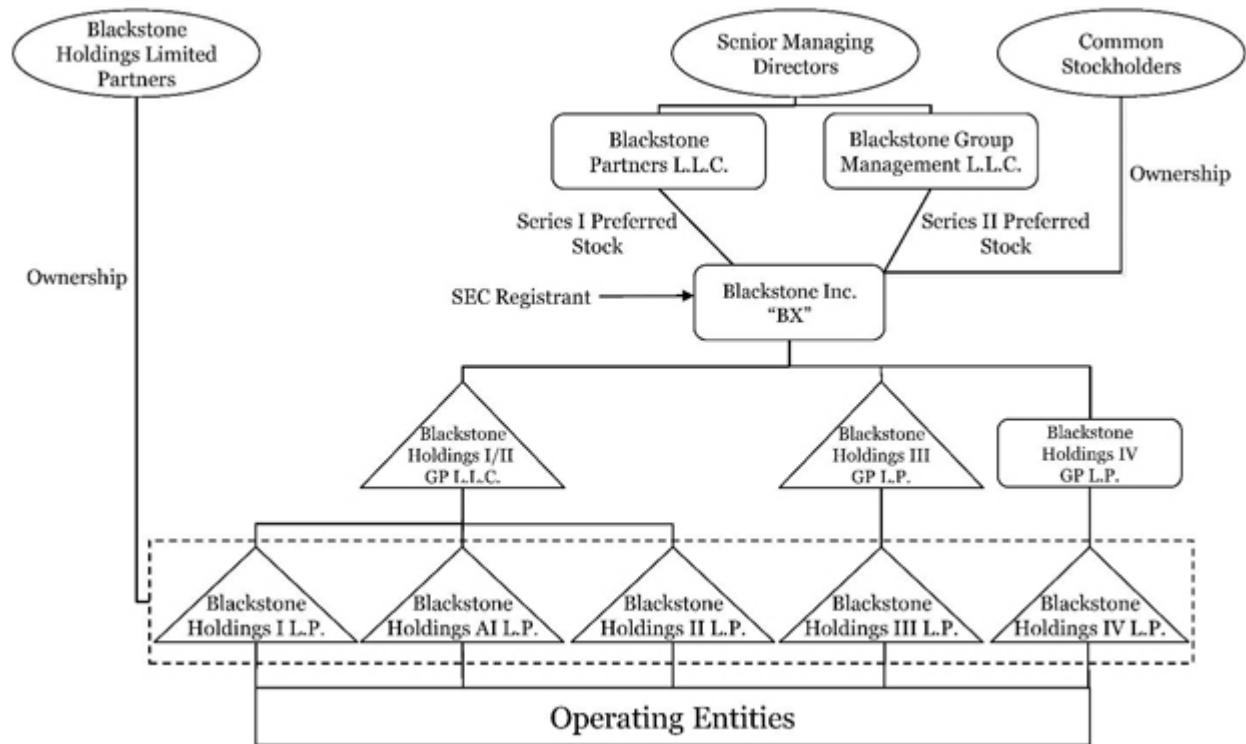
Organizational Structure

Effective July 1, 2019, The Blackstone Group L.P. converted from a Delaware limited partnership to a Delaware corporation, The Blackstone Group Inc. (the “Conversion”).

Effective February 26, 2021, Blackstone effectuated changes to rename its Class A common stock as “common stock,” and to reclassify its Class B and Class C common stock into a new “Series I preferred stock” and “Series II preferred stock,” respectively. Each new stock has the same rights and powers of its predecessor. For additional information, see Note 1. “Organization” and Note 14. “Earnings Per Share and Stockholders’ Equity — Stockholders’ Equity” in the “Notes to Condensed Consolidated Financial Statements” in “— Item 1. Financial Statements” of this filing.

Effective August 6, 2021, The Blackstone Group Inc. changed its name to Blackstone Inc. For additional information, see Note 1. “Organization” in the “Notes to Condensed Consolidated Financial Statements” in “— Item 1. Financial Statements” and “Part II. Item 5. Other Information — Name Change.”

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 certain financial measures and key operating metrics since we believe these metrics measure the productivity of our investment activities. We prepare our Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See Note 2. "Summary of Significant Accounting Policies" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" 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. Distributable Earnings is used to assess performance and amounts available for dividends to Blackstone shareholders, 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 (Benefit) 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 (Benefit) for Taxes and including the Payable under the Tax Receivable Agreement. Further, the current tax provision utilized when calculating Taxes and Related Payables and Distributable Earnings reflects the benefit of deductions available to the company on certain expense items that are excluded from the underlying calculation of Segment Distributable Earnings and Total Segment Distributable Earnings, such as equity-based compensation charges and certain Transaction-Related Charges where there is a current tax provision or benefit. The economic assumptions and methodologies that impact the implied income tax provision are the same as those methodologies and assumptions used in calculating the current income tax provision for Blackstone's Condensed Consolidated Statements of Operations under GAAP, excluding the impact of divestitures and accrued tax contingencies and refunds which are reflected when paid or received. Management believes that including the amount payable under the tax receivable agreement and utilizing the current income tax provision adjusted as described above when calculating Distributable Earnings is meaningful as it increases comparability between periods and more accurately reflects earnings that are available for distribution to shareholders.

Segment Distributable Earnings

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 (Benefit) 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).

Realized Performance Compensation reflects an increase in the aggregate Realized Performance Compensation paid to certain of our professionals above the amounts allocable to them based upon the percentage participation in the relevant performance plans previously awarded to them as a result of a new compensation program that commenced during the three months ended June 30, 2021. As a result, in the three months ended June 30, 2021, Realized Performance Compensation paid to our professionals was increased by an aggregate of \$15.0 million and Fee Related Compensation was decreased by a corresponding amount. These changes to Realized Performance Compensation and Fee Related Compensation reduced Net Realizations, increased Fee Related Earnings, and were neutral to Income (Loss) Before Provision (Benefit) for Taxes and had no impact to Distributable Earnings in the three months ended June 30, 2021.

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 (Benefit) 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 (a) Management and Advisory Fees, Net and (b) Fee Related Performance Revenues, referred to as Fee Related Performance Compensation.

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.

Other Operating Expenses is presented on a segment basis and is equal to General, Administrative and Other Expenses, adjusted to (a) remove the amortization of transaction-related intangibles, (b) remove certain expenses reimbursed by the Blackstone Funds which are netted against Management and Advisory Fees, Net in Blackstone's segment presentation, and (c) give effect to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units. The administrative fee is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.

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 (Benefit) for Taxes. See "— Non-GAAP Financial Measures" for our reconciliation of Adjusted EBITDA.

Operating Metrics

The alternative asset management business is primarily based on managing third party capital and does not require substantial capital investment to support rapid growth. 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.

Total and Fee-Earning Assets Under Management

Total Assets Under Management refers to the assets we manage. Our Total 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 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,
- (b) the net asset value of (1) our hedge funds, real estate debt carry funds, BPP, certain co-investments managed by us, certain credit-focused funds, and our Hedge Fund Solutions 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,
- (g) the fair value of common stock, preferred stock, convertible debt, term loans or similar instruments issued by BXMT, and
- (h) borrowings under and any amounts available to be borrowed under certain credit facilities of our funds.

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 Real Estate, Hedge Fund Solutions and Credit & Insurance 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 & Insurance 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 distributable 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 Total 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 Total 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 Total Assets Under Management and Fee-Earning Assets Under Management are not based on any definition of total 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 and uncalled capital commitments, whereas Fee-Earning Assets Under Management may include the total amount of capital commitments or the remaining amount of invested capital at cost, depending on whether the investment period has expired or as specified by the fee terms of the fund. As such, in certain carry funds 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.

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 Eligible Assets Under Management

Performance 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 revenues could be earned if certain hurdles are met.

Consolidated Results of Operations

Following is a discussion of our consolidated results of operations for the three and six months ended June 30, 2021 and 2020. 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 three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		2021 vs. 2020		Six Months Ended June 30,		2021 vs. 2020	
	2021	2020	\$	%	2021	2020	\$	%
(Dollars in Thousands)								
Revenues								
Management and Advisory Fees, Net	\$1,212,549	\$ 969,728	\$ 242,821	25%	\$ 2,390,364	\$ 1,904,560	\$ 485,804	26%
Incentive Fees	33,207	15,300	17,907	117%	69,331	27,461	41,870	152%
Investment Income (Loss)								
Performance Allocations								
Realized	808,620	101,910	706,710	693%	1,342,987	269,440	1,073,547	398%
Unrealized	2,697,170	1,067,923	1,629,247	153%	5,161,667	(2,385,158)	7,546,825	n/m
Principal Investments								
Realized	152,060	61,102	90,958	149%	507,098	109,797	397,301	362%
Unrealized	328,835	331,762	(2,927)	-1%	968,150	(627,603)	1,595,753	n/m
Total Investment Income (Loss)	3,986,685	1,562,697	2,423,988	155%	7,979,902	(2,633,524)	10,613,426	n/m
Interest and Dividend Revenue	31,017	23,924	7,093	30%	62,429	59,008	3,421	6%
Other	27,896	(55,580)	83,476	n/m	88,200	82,600	5,600	7%
Total Revenues	5,291,354	2,516,069	2,775,285	110%	10,590,226	(559,895)	11,150,121	n/m
Expenses								
Compensation and Benefits								
Compensation	507,104	458,457	48,647	11%	1,049,742	935,000	114,742	12%
Incentive Fee Compensation	14,431	8,432	5,999	71%	27,756	14,954	12,802	86%
Performance Allocations Compensation								
Realized	347,423	38,569	308,854	801%	560,450	110,992	449,458	405%
Unrealized	1,150,219	454,813	695,406	153%	2,200,188	(942,565)	3,142,753	n/m
Total Compensation and Benefits	2,019,177	960,271	1,058,906	110%	3,838,136	118,381	3,719,755	n/m
General, Administrative and Other	205,057	169,051	36,006	21%	390,179	326,617	63,562	19%
Interest Expense	44,322	39,276	5,046	13%	89,305	80,920	8,385	10%
Fund Expenses	3,774	4,083	(309)	-8%	6,157	8,688	(2,531)	-29%
Total Expenses	2,272,330	1,172,681	1,099,649	94%	4,323,777	534,606	3,789,171	709%
Other Income (Loss)								
Change in Tax Receivable Agreement Liability	(392)	76	(468)	n/m	2,518	(519)	3,037	n/m
Net Gains (Losses) from Fund Investment Activities	127,116	158,297	(31,181)	-20%	247,469	(169,077)	416,546	n/m
Total Other Income (Loss)	126,724	158,373	(31,649)	-20%	249,987	(169,596)	419,583	n/m
Income (Loss) Before Provision (Benefit) for Taxes	3,145,748	1,501,761	1,643,987	109%	6,516,436	(1,264,097)	7,780,533	n/m
Provision (Benefit) for Taxes	288,250	147,415	140,835	96%	287,803	(11,288)	299,091	n/m
Net Income (Loss)	2,857,498	1,354,346	1,503,152	111%	6,228,633	(1,252,809)	7,481,442	n/m
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	637	(3,426)	4,063	n/m	1,266	(18,895)	20,161	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	431,516	294,378	137,138	47%	818,366	(350,699)	1,169,065	n/m
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	1,116,193	495,128	621,065	125%	2,351,977	(384,989)	2,736,966	n/m
Net Income (Loss) Attributable to The Blackstone Group Inc.	\$1,309,152	\$ 568,266	\$ 740,886	130%	\$ 3,057,024	\$ (498,226)	\$ 3,555,250	n/m

n/m Not meaningful.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Revenues

Revenues were \$5.3 billion for the three months ended June 30, 2021, an increase of \$2.8 billion, or 110%, compared to \$2.5 billion for the three months ended June 30, 2020. The increase in Revenues was primarily attributable to an increase of \$2.4 billion in Investment Income (Loss), which is composed of increases of \$1.6 billion and \$797.7 million in Unrealized and Realized Investment Income (Loss), respectively.

The \$1.6 billion increase in Unrealized Investment Income (Loss) was primarily attributable to net unrealized appreciation of investment holdings in the three months ended June 30, 2021 compared to net unrealized depreciation of investment holdings in the three months ended June 30, 2020. Unrealized Investment Income (Loss) in our Real Estate and Private Equity segments increased \$1.0 billion and \$507.8 million, respectively. Principal drivers of these increases were:

- The increase in our Real Estate segment was primarily attributable to higher net unrealized appreciation of investment holdings in our BREP opportunistic funds in the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The carrying value of investments for our BREP opportunistic funds increased 9.4% in the three months ended June 30, 2021 compared to 1.6% in the three months ended June 30, 2020.
- The increase in our Private Equity segment was primarily attributable to higher net unrealized appreciation of investment holdings in corporate private equity and Strategic Partners in the three months ended June 30, 2021 compared to the three months ended June 30, 2020. Corporate private equity carrying value increased 13.8% in the three months ended June 30, 2021 compared to 12.8% in the three months ended June 30, 2020. Strategic Partners carrying value increased 17.7% in the three months ended June 30, 2021 compared to 3.8% in the three months ended June 30, 2020.

The \$797.7 million increase in Realized Investment Income (Loss) was primarily attributable to higher realized gains in our Real Estate and Private Equity segments.

Expenses

Expenses were \$2.3 billion for the three months ended June 30, 2021, an increase of \$1.1 billion, compared to \$1.2 billion for the three months ended June 30, 2020. The increase was primarily attributable to an increase of \$1.1 billion in Total Compensation and Benefits, of which \$1.0 billion was Performance Allocations Compensation. The increase in Performance Allocations Compensation was primarily due to the increase in Investment Income (Loss) – Performance Allocations, on which a portion of this compensation is based.

Other Income (Loss)

Other Income (Loss) was \$126.7 million for the three months ended June 30, 2021, a decrease of \$31.6 million, compared to \$158.4 million for the three months ended June 30, 2020. The decrease in Other Income (Loss) was due to a decrease of \$31.2 million in Net Gains (Losses) from Fund Investment Activities.

The decrease in Other Income (Loss) — Net Gains (Losses) from Fund Investment Activities was principally driven by a decrease of \$105.8 million in our Credit & Insurance segment, partially offset by increases of \$35.8 million in our Private Equity segment and \$34.3 million in our Real Estate segment. The decrease in our Credit & Insurance segment was primarily driven by the deconsolidation of nine CLO vehicles during the year ended December 31, 2020, as well as lower unrealized appreciation of investments in our consolidated credit funds. See Note 9. “Variable Interest Entities” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” for additional information on the deconsolidated CLO vehicles. The increase in our Private Equity segment was primarily due to higher unrealized appreciation and realized net gains of investments in our consolidated private equity funds. The increase in our Real Estate segment was primarily due to higher unrealized appreciation and realized net gains of investments in our consolidated real estate funds.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Revenues

Revenues were \$10.6 billion for the six months ended June 30, 2021, an increase of \$11.2 billion, compared to \$(559.9) million for the six months ended June 30, 2020. The increase in Revenues was primarily attributable to an increase of \$10.6 billion in Investment Income (Loss), which is composed of increases of \$9.1 billion and \$1.5 billion in Unrealized and Realized Investment Income (Loss), respectively.

The \$9.1 billion increase in Unrealized Investment Income (Loss) was primarily attributable to net unrealized appreciation of investment holdings in the six months ended June 30, 2021 compared to net unrealized depreciation of investment holdings in the six months ended June 30, 2020. Unrealized Investment Income (Loss) in our Private Equity, Real Estate, Credit & Insurance and Hedge Fund Solutions segments increased \$4.4 billion, \$3.0 billion, \$605.9 million and \$483.7 million, respectively. Principal drivers of these increases were:

- The increase in our Private Equity segment was primarily attributable to higher net unrealized appreciation of investment holdings in corporate private equity, Tactical Opportunities and Strategic Partners in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. Corporate private equity carrying value increased 29.0% in the six months ended June 30, 2021 compared to a decrease of 12.4% in the six months ended June 30, 2020. Tactical Opportunities carrying value increased 22.1% in the six months ended June 30, 2021 compared to a decrease of 6.1% in the six months ended June 30, 2020. Strategic Partners carrying value increased 28.7% in the six months ended June 30, 2021 compared to 5.6% in the six months ended June 30, 2020.
- The increase in our Real Estate segment was primarily attributable to higher net unrealized appreciation of investment holdings in our BREP opportunistic funds in the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The carrying value of investments for our BREP opportunistic funds increased 14.9% in the six months ended June 30, 2021 compared to a decrease of 7.6% in the six months ended June 30, 2020.
- The increase in our Credit & Insurance segment was primary attributable to net unrealized appreciation of investments in our private credit strategies in the six months ended June 30, 2021 compared to net unrealized depreciation in the six months ended June 30, 2020.
- The increase in our Hedge Fund Solutions segment was primarily due to the net unrealized appreciation of investments of which Blackstone owns a share in the six months ended June 30, 2021 compared to net unrealized depreciation in the six months ended June 30, 2020.

The \$1.5 billion increase in Realized Investment Income (Loss) was primarily attributable to higher realized gains in our Real Estate and Private Equity segments and the gain recognized in the Pátria sale transactions. For additional information, see Note 4. "Investments — Equity Method Investments" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements."

Expenses

Expenses were \$4.3 billion for the six months ended June 30, 2021, an increase of \$3.8 billion, compared to \$534.6 million for the six months ended June 30, 2020. The increase was primarily attributable to an increase of \$3.7 billion in Total Compensation and Benefits, of which \$3.6 billion was Performance Allocations Compensation. The increase in Performance Allocations Compensation was primarily due to the increase in Investment Income (Loss) — Performance Allocations, on which a portion of this compensation is based.

Other Income (Loss)

Other Income (Loss) was \$250.0 million for the six months ended June 30, 2021, an increase of \$419.6 million, compared to \$(169.6) million for the six months ended June 30, 2020. The increase in Other Income (Loss) was due to an increase of \$416.5 million in Net Gains (Losses) from Fund Investment Activities.

The increase in Other Income (Loss) — Net Gains (Losses) from Fund Investment Activities was principally driven by increases of \$203.3 million in our Private Equity segment, \$138.1 million in our Real Estate segment and \$67.5 million in our Credit & Insurance segment. The increase in our Private Equity segment was primarily due to unrealized appreciation of investments in our consolidated private equity funds. The increase in our Real Estate segment was primarily due to unrealized appreciation of investments in our consolidated real estate funds. The increase in our Credit & Insurance segment was primarily driven by the deconsolidation of nine CLO vehicles during the year ended December 31, 2020, as well as realized net gains of investments in our consolidated credit funds. See Note 9. “Variable Interest Entities” in the “Notes to Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” for additional information on the deconsolidated CLO vehicles.

Provision (Benefit) for Taxes

The following table summarizes Blackstone’s tax position:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
Income (Loss) Before Provision (Benefit) for Taxes	\$3,145,748	\$1,501,761	\$6,516,436	\$(1,264,097)
Provision (Benefit) for Taxes	\$ 288,250	\$ 147,415	\$ 287,803	\$ (11,288)
Effective Income Tax Rate	9.2%	9.8%	4.4%	0.9%

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

	Three Months Ended June 30,		2021 vs.	Six Months Ended June 30,		2021 vs.
	2021	2020	2020	2021	2020	2020
Statutory U.S. Federal Income Tax Rate	21.0%	21.0%	—	21.0%	21.0%	—
Income Passed Through to Non-Controlling Interest Holders (a)(b)	-10.4%	-10.6%	0.2%	-10.3%	-12.9%	2.6%
State and Local Income Taxes	2.2%	2.2%	—	2.2%	0.3%	1.9%
Change in Valuation Allowance	-4.0%	-3.8%	-0.2%	-8.6%	-5.0%	-3.6%
Other (a)	0.4%	1.0%	-0.6%	0.1%	-2.5%	2.6%
Effective Income Tax Rate	9.2%	9.8%	-0.6%	4.4%	0.9%	3.5%

- (a) During the three months ended June 30, 2021, Blackstone recategorized certain components of its effective income tax reconciliation. Accordingly, certain components related to income attributable to non-controlling interest holders were recategorized from Income Passed Through to Non-Controlling Interest Holders to Other. Prior periods have been recast accordingly. The recategorization had no effect on Blackstone’s Provision (Benefit) for Taxes.
- (b) Includes income that was not taxable to Blackstone and its subsidiaries. Such income remains taxable to Blackstone’s non-controlling interest holders.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Blackstone’s Provision (Benefit) for Taxes for the three months ended June 30, 2021 and 2020 was \$288.3 million and \$147.4 million, respectively. This resulted in an effective tax rate of 9.2% and 9.8%, respectively, based on our Income Before Provision (Benefit) for Taxes of \$3.1 billion and \$1.5 billion, respectively.

The decrease in Blackstone’s effective tax rate for the three months ended June 30, 2021 compared to the three months ended June 30, 2020, was due to various items, none of which were significant.

Although Blackstone was a cash taxpayer for the three and six months ended June 30, 2021, unrealized gains on Investments resulted in the reduction of a previously recorded valuation allowance against Blackstone's deferred tax asset. The reduction in the valuation allowance is recorded as an income tax benefit on the Condensed Consolidated Statement of Operations and thereby reduces the effective tax rate in the current period.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Blackstone's Provision (Benefit) for Taxes for the six months ended June 30, 2021 and 2020 was \$287.8 million and \$(11.3) million, respectively. This resulted in an effective tax rate of 4.4% and 0.9%, respectively, based on our Income (Loss) Before Provision (Benefit) for Taxes of \$6.5 billion and \$(1.3) billion, respectively.

The increase in Blackstone's effective tax rate for the six months ended June 30, 2021, compared to the six months ended June 30, 2020, resulted primarily from the attribution of a portion of reported net income (loss) before taxes to non-controlling interest holders, and state taxes. This increase was partially offset by additional valuation allowance releases related to the step-up in the tax basis of investment assets.

Although Blackstone was a cash taxpayer for the three and six months ended June 30, 2021, unrealized gains on Investments resulted in the reduction of a previously recorded valuation allowance against Blackstone's deferred tax asset. The reduction in the valuation allowance is recorded as an income tax benefit on the Condensed Consolidated Statement of Operations and thereby reduces the effective tax rate in the current period.

Additional information regarding our income taxes can be found in Note 13. "Income Taxes" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" 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 (Loss) – Net Gains (Losses) from Fund Investment Activities from the Net Income (Loss) Attributable to The Blackstone Group Inc.

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

For the three months ended June 30, 2021 and 2020, the Net Income Before Taxes allocated to Blackstone personnel and others who are limited partners of Blackstone Holdings was 41.4% and 41.2%, respectively. For the six months ended June 30, 2021 and 2020, the Net Income Before Taxes allocated to Blackstone personnel and others who are limited partners of Blackstone Holdings was 41.6% and 41.4%, respectively. The respective increases of 0.2% were primarily due to the exclusion of unvested participating Blackstone Holdings Partnership Units, which are not contractually obligated to share in the losses, during the three and six months ended June 30, 2020.

The Other Income (Loss) — Change in Tax Receivable Agreement Liability was entirely allocated to The Blackstone Group Inc.

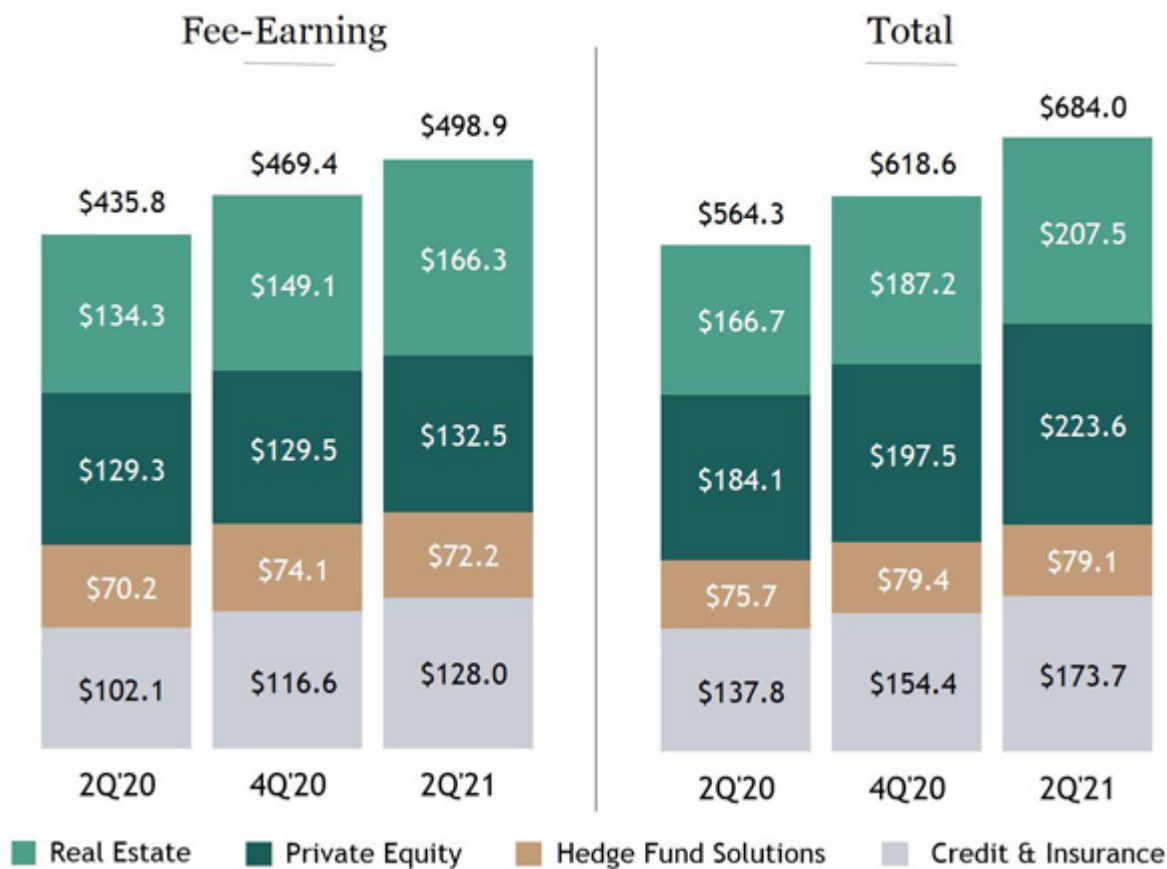
Operating Metrics

Total and Fee-Earning Assets Under Management

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 three and six months ended June 30, 2021 and 2020. 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 — Total and Fee-Earning Assets Under Management”:

Assets Under Management

(Dollars in Billions)



Note: Totals may not add due to rounding.

Three Months Ended

	June 30, 2021					June 30, 2020				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
(Dollars in Thousands)										
Fee-Earning Assets Under Management										
Balance, Beginning of Period	\$155,851,794	\$131,903,347	\$76,614,206	\$116,856,060	\$481,225,407	\$130,424,462	\$128,300,802	\$68,214,435	\$ 96,115,338	\$423,055,037
Inflows (a)	9,834,475	2,320,367	1,794,869	14,734,257	28,683,968	3,572,729	3,980,763	3,480,682	4,552,263	15,586,437
Outflows (b)	(581,677)	(457,610)	(8,277,079)	(2,502,137)	(11,818,503)	(730,177)	(1,945,670)	(4,548,271)	(2,080,773)	(9,304,891)
Net Inflows (Outflows)	9,252,798	1,862,757	(6,482,210)	12,232,120	16,865,465	2,842,552	2,035,093	(1,067,589)	2,471,490	6,281,546
Realizations (c)	(3,069,895)	(3,304,081)	(294,858)	(4,029,664)	(10,698,498)	(998,351)	(1,118,162)	(512,215)	(1,078,291)	(3,707,019)
Market Activity (d)(g)	4,228,796	2,013,463	2,403,014	2,894,879	11,540,152	1,991,685	66,379	3,565,510	4,572,797	10,196,371
Balance, End of Period (e)	\$166,263,493	\$132,475,486	\$72,240,152	\$127,953,395	\$498,932,526	\$134,260,348	\$129,284,112	\$70,200,141	\$102,081,334	\$435,825,935
Increase (Decrease)	\$ 10,411,699	\$ 572,139	\$ (4,374,054)	\$ 11,097,335	\$ 17,707,119	\$ 3,835,886	\$ 983,310	\$ 1,985,706	\$ 5,965,996	\$ 12,770,898
Increase (Decrease)	7%	—	-6%	9%	4%	3%	1%	3%	6%	3%

Six Months Ended

	June 30, 2021					June 30, 2020				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
(Dollars in Thousands)										
Fee-Earning Assets Under Management										
Balance, Beginning of Period	\$149,121,461	\$129,539,630	\$74,126,610	\$116,645,413	\$469,433,114	\$128,214,137	\$ 97,773,964	\$75,636,004	\$106,450,747	\$408,074,852
Inflows (a)	18,395,652	6,788,988	3,800,855	22,920,908	51,906,403	13,001,518	39,306,793	5,847,645	8,188,108	66,344,064
Outflows (b)	(1,425,237)	(1,065,631)	(9,623,330)	(7,618,014)	(19,732,212)	(1,741,073)	(5,558,119)	(7,200,263)	(4,821,457)	(19,320,912)
Net Inflows (Outflows)	16,970,415	5,723,357	(5,822,475)	15,302,894	32,174,191	11,260,445	33,748,674	(1,352,618)	3,366,651	47,023,152
Realizations (c)	(4,925,197)	(6,375,260)	(483,294)	(7,276,868)	(19,060,619)	(3,696,112)	(2,043,516)	(646,945)	(2,508,418)	(8,894,991)
Market Activity (d)(h)	5,096,814	3,587,759	4,419,311	3,281,956	16,385,840	(1,518,122)	(195,010)	(3,436,300)	(5,227,646)	(10,377,078)
Balance, End of Period (e)	\$166,263,493	\$132,475,486	\$72,240,152	\$127,953,395	\$498,932,526	\$134,260,348	\$129,284,112	\$70,200,141	\$102,081,334	\$435,825,935
Increase (Decrease)	\$ 17,142,032	\$ 2,935,856	\$ (1,886,458)	\$ 11,307,982	\$ 29,499,412	\$ 6,046,211	\$ 31,510,148	\$ (5,435,863)	\$ (4,369,413)	\$ 27,751,083
Increase (Decrease)	11%	2%	-3%	10%	6%	5%	32%	-7%	-4%	7%
Annualized Base Management Fee Rate (f)	1.12%	1.13%	0.82%	0.55%	0.93%	1.15%	0.88%	0.80%	0.57%	0.88%

Three Months Ended

	June 30, 2021					June 30, 2020				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
(Dollars in Thousands)										
Total Assets Under Management										
Balance, Beginning of Period	\$196,277,032	\$211,801,085	\$81,819,220	\$158,905,670	\$648,803,007	\$160,934,849	\$174,695,883	\$73,720,792	\$128,655,761	\$538,007,285
Inflows (a)	8,879,659	7,335,028	2,197,161	18,869,609	37,281,457	4,884,629	5,202,708	3,323,861	6,857,865	20,269,063
Outflows (b)	(579,152)	(1,077,784)	(7,299,018)	(2,716,532)	(11,672,486)	(713,861)	(668,799)	(4,618,615)	(2,346,962)	(8,348,237)
Net Inflows (Outflows)	8,300,507	6,257,244	(5,101,857)	16,153,077	25,608,971	4,170,768	4,533,909	(1,294,754)	4,510,903	11,920,826
Realizations (c)	(5,306,047)	(8,633,166)	(303,557)	(5,390,278)	(19,633,048)	(2,264,204)	(2,990,225)	(516,843)	(1,579,530)	(7,350,802)
Market Activity (d)(i)(k)	8,276,744	14,196,196	2,731,457	4,045,385	29,249,782	3,882,431	7,878,568	3,758,944	6,232,836	21,752,779
Balance, End of Period (e)	\$207,548,236	\$223,621,359	\$79,145,263	\$173,713,854	\$684,028,712	\$166,723,844	\$184,118,135	\$75,668,139	\$137,819,970	\$564,330,088
Increase (Decrease)	\$ 11,271,204	\$ 11,820,274	\$ (2,673,957)	\$ 14,808,184	\$ 35,225,705	\$ 5,788,995	\$ 9,422,252	\$ 1,947,347	\$ 9,164,209	\$ 26,322,803
Increase (Decrease)	6%	6%	-3%	9%	5%	4%	5%	3%	7%	5%

Six Months Ended

	June 30, 2021					June 30, 2020				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
(Dollars in Thousands)										
Total Assets Under Management										
Balance, Beginning of Period	\$187,191,247	\$197,549,222	\$79,422,869	\$154,393,590	\$618,556,928	\$163,156,064	\$182,886,109	\$80,738,112	\$144,342,178	\$571,122,463
Inflows (a)	17,461,122	15,166,670	4,264,119	31,993,631	68,885,542	17,537,804	14,071,559	6,570,522	9,401,686	47,581,571
Outflows (b)	(2,388,253)	(1,828,756)	(8,922,346)	(8,508,421)	(21,647,776)	(1,507,549)	(1,067,275)	(7,499,898)	(5,188,261)	(15,262,983)
Net Inflows (Outflows)	15,072,869	13,337,914	(4,658,227)	23,485,210	47,237,766	16,030,255	13,004,284	(929,376)	4,213,425	32,318,588
Realizations (c)	(7,259,579)	(16,726,541)	(497,904)	(10,017,051)	(34,501,075)	(4,783,000)	(5,021,331)	(655,830)	(3,279,335)	(13,739,496)
Market Activity (d)(i)(k)	12,543,699	29,460,764	4,878,525	5,852,105	52,735,093	(7,679,475)	(6,750,927)	(3,484,767)	(7,456,298)	(25,371,467)
Balance, End of Period (e)	\$207,548,236	\$223,621,359	\$79,145,263	\$173,713,854	\$684,028,712	\$166,723,844	\$184,118,135	\$75,668,139	\$137,819,970	\$564,330,088
Increase (Decrease)	\$ 20,356,989	\$ 26,072,137	\$ (277,606)	\$ 19,320,264	\$ 65,471,784	\$ 3,567,780	\$ 1,232,026	\$ (5,069,973)	\$ (6,522,208)	\$ (6,792,375)
Increase (Decrease)	11%	13%	—	13%	11%	2%	1%	-6%	-5%	-1%

- (a) Inflows represent contributions, capital raised, other increases in available capital (recallable capital and increased side-by-side commitments), purchases, inter-segment allocations and acquisitions.
- (b) Outflows represent redemptions, client withdrawals and decreases in available capital (expired capital, expense drawdowns and decreased side-by-side commitments).
- (c) Realizations represent realization proceeds from the disposition or other monetization of assets, current income or capital returned to investors from CLOs.
- (d) Market activity includes realized and unrealized gains (losses) on portfolio investments and the impact of foreign exchange rate fluctuations.
- (e) Total and Fee-Earning Assets Under Management are reported in the segment where the assets are managed.
- (f) Annualized Base Management Fee Rate represents annualized year to date Base Management Fee divided by the average of the beginning of year and each quarter end's Fee-Earning Assets Under Management in the reporting period.
- (g) For the three months ended June 30, 2021, the impact to Fee-Earning Assets Under Management due to foreign exchange rate fluctuations was \$332.1 million, \$262.1 million and \$599.8 million for the Real Estate, Credit & Insurance and Total segments, respectively. For the three months ended June 30, 2020, such impact was \$546.9 million, \$260.7 million and \$809.6 million for the Real Estate, Credit & Insurance and Total segments, respectively.
- (h) For the six months ended June 30, 2021, the impact to Fee-Earning Assets Under Management due to foreign exchange rate fluctuations was \$(777.3) million, \$130.7 million and \$(659.6) million for the Real Estate, Credit & Insurance and Total segments, respectively. For the six months ended June 30, 2020, such impact was \$(211.6) million, \$(14.4) million and \$(223.9) million for the Real Estate, Credit & Insurance and Total segments, respectively.
- (i) For the three months ended June 30, 2021, the impact to Total Assets Under Management due to foreign exchange rate fluctuations was \$452.1 million, \$68.4 million, \$361.8 million and \$882.3 million for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively. For the three months ended June 30, 2020, such impact was \$1.0 billion, \$37.0 million, \$336.4 million and \$1.4 billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively.
- (j) For the six months ended June 30, 2021, the impact to Total Assets Under Management due to foreign exchange rate fluctuations was \$(1.2) billion, \$(262.2) million, \$115.5 million and \$(1.3) billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively. For the six months ended June 30, 2020, such impact was \$(471.6) million, \$(564.6) million, \$(65.6) million and \$(1.1) billion for the Real Estate, Private Equity, Credit & Insurance and Total segments, respectively.
- (k) Effective in the three months ended June 30, 2021, the methodology for Total Assets Under Management was updated to exclude permanent fund leverage where the intended use is not for investing purposes. Funds without an adjustment were either already applying the methodology in reporting Total Assets Under Management or the update was not applicable. Additional detail on these adjustments is included below:

	Three Months Ended June 30, 2021				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
	(Dollars in Thousands)				
Market Activity	\$ 10,103,225	\$ 14,196,196	\$ 2,731,457	\$ 4,045,385	\$ 31,076,263
One-Time Methodology Adjustment	(1,826,481)	—	—	—	(1,826,481)
Reported Market Activity	<u>\$ 8,276,744</u>	<u>\$ 14,196,196</u>	<u>\$ 2,731,457</u>	<u>\$ 4,045,385</u>	<u>\$ 29,249,782</u>

	Six Months Ended June 30, 2021				
	Real Estate	Private Equity	Hedge Fund Solutions	Credit & Insurance	Total
	(Dollars in Thousands)				
Market Activity	\$ 14,370,180	\$ 29,460,764	\$ 4,878,525	\$ 5,852,105	\$ 54,561,574
One-Time Methodology Adjustment	(1,826,481)	—	—	—	(1,826,481)
Reported Market Activity	\$ 12,543,699	\$ 29,460,764	\$ 4,878,525	\$ 5,852,105	\$ 52,735,093

Fee-Earning Assets Under Management

Fee-Earning Assets Under Management were \$498.9 billion at June 30, 2021, an increase of \$17.7 billion, compared to \$481.2 billion at March 31, 2021. The net increase was due to:

- Inflows of \$28.7 billion related to:
 - o \$14.7 billion in our Credit & Insurance segment driven by \$5.5 billion from direct lending, \$4.1 billion from certain liquid credit and MLP strategies, \$3.6 billion from CLOs, \$2.0 billion from BIS, \$1.2 billion from our structured products group, \$435.3 million from mezzanine funds, \$245.3 million from stressed/distressed strategies and \$189.5 million from energy strategies, all partially offset by \$2.5 billion of allocations to various strategies and other segments,
 - o \$9.8 billion in our Real Estate segment driven by \$5.8 billion from BREIT, \$3.0 billion from BREDS due to capital being deployed (this amount was previously reflected in Inflows for Total Assets Under Management at each capital closing of the fund), \$453.3 million from BPP Europe and co-investment and \$437.0 million from BPP U.S. and co-investment,
 - o \$2.3 billion in our Private Equity segment driven by \$958.8 million from Strategic Partners, \$922.6 million from corporate private equity and \$527.3 million from Tactical Opportunities, and
 - o \$1.8 billion in our Hedge Fund Solutions segment driven by \$1.2 billion from individual investor and specialized solutions, \$333.9 million from commingled products and \$310.1 million from customized solutions.
- Market activity of \$11.5 billion primarily attributable to:
 - o \$4.2 billion of market appreciation in our Real Estate segment driven by appreciation of \$3.9 billion from Core+ real estate, \$199.6 million from BREDS and \$128.8 million from BREP opportunistic and co-investment, all of which included \$332.1 million of foreign exchange appreciation across the segment,
 - o \$2.9 billion of market appreciation in our Credit & Insurance segment driven by appreciation of \$2.3 billion from certain liquid credit and MLP strategies, \$341.3 million from CLOs and \$274.5 million from direct lending, partially offset by \$116.4 million of market depreciation from energy strategies, all of which included \$262.1 million of foreign exchange appreciation across the segment,
 - o \$2.4 billion of market appreciation in our Hedge Fund Solutions segment driven by returns from BAAM's Principal Solutions Composite of 3.5% gross (3.2% net), and
 - o \$2.0 billion of market appreciation in our Private Equity segment driven by \$1.3 billion from Strategic Partners and \$724.0 million from BIP.

Offsetting these increases were:

- Outflows of \$11.8 billion primarily attributable to:
 - o \$8.3 billion in our Hedge Fund Solutions segment driven by \$6.4 billion from customized solutions, \$1.3 billion from commingled products and \$584.1 million from individual investor and specialized solutions, and

- o \$2.5 billion in our Credit & Insurance segment driven by \$1.4 billion from certain liquid credit and MLP strategies, \$331.1 million from BIS and \$107.9 million from stressed/distressed strategies.
- Realizations of \$10.7 billion driven by:
 - o \$4.0 billion in our Credit & Insurance segment driven by \$2.2 billion from CLOs, \$635.0 million from direct lending, \$624.3 million from stressed/distressed strategies, \$225.2 million from mezzanine funds, \$196.6 million from energy strategies and \$159.1 million from certain liquid credit and MLP strategies,
 - o \$3.3 billion in our Private Equity segment driven by \$1.3 billion from Strategic Partners, \$1.1 billion from corporate private equity and \$878.5 million from Tactical Opportunities, and
 - o \$3.1 billion in our Real Estate segment driven by \$1.2 billion from BREP opportunistic funds and co-investment, \$969.5 million from BREDS and \$857.7 million from Core+ real estate.

Fee-Earning Assets Under Management were \$498.9 billion at June 30, 2021, an increase of \$29.5 billion, compared to \$469.4 billion at December 31, 2020. The net increase was due to:

- Inflows of \$51.9 billion related to:
 - o \$22.9 billion in our Credit & Insurance segment driven by \$8.8 billion from direct lending, \$5.4 billion from certain liquid credit and MLP strategies, \$3.6 billion from CLOs, \$2.3 billion from BIS, \$1.3 billion from our structured products group, \$869.5 million from mezzanine funds, \$349.1 million from stressed/distressed strategies and \$304.9 million from energy strategies,
 - o \$18.4 billion in our Real Estate segment driven by \$8.9 billion from BREIT, \$5.9 billion from BREDS due to capital being deployed (this amount was previously reflected in Inflows for Total Assets Under Management at each capital closing of the fund), \$2.0 billion from BPP Life Sciences, \$638.4 million from BPP U.S. and co-investment, \$463.3 million from BPP Europe and co-investment, \$326.8 million from BREP opportunistic funds and co-investment and \$198.3 million from BPP Asia,
 - o \$6.8 billion in our Private Equity segment driven by \$2.5 billion from corporate private equity, \$1.4 billion from BXG, \$1.2 billion from Tactical Opportunities, \$1.0 billion from Strategic Partners and \$659.1 million from multi-asset products, and
 - o \$3.8 billion in our Hedge Fund Solutions segment driven by \$2.5 billion from individual investor and specialized solutions, \$727.8 million from customized solutions and \$547.0 million from commingled products.
- Market activity of \$16.4 billion primarily attributable to:
 - o \$5.1 billion of market appreciation in our Real Estate segment driven by appreciation of \$5.7 billion from Core+ real estate and \$200.6 million from BREDS, partially offset by foreign exchange depreciation of \$396.4 million from Core+ real estate and \$381.3 million from BREP opportunistic and co-investment,
 - o \$4.4 billion of market appreciation in our Hedge Fund Solutions segment driven by returns from BAAM's Principal Solutions Composite of 6.0% gross (5.5% net),
 - o \$3.6 billion of market appreciation in our Private Equity segment driven by \$2.1 billion from Strategic Partners and \$1.5 billion from BIP, and
 - o \$3.3 billion of market appreciation in our Credit & Insurance segment driven by appreciation of \$2.6 billion from certain liquid credit and MLP strategies, \$332.9 million from CLOs and \$319.9 million from direct lending, partially offset by \$116.4 million of market depreciation from energy strategies, all of which included \$130.7 million of foreign exchange appreciation across the segment.

Offsetting these increases were:

- Outflows of \$19.7 billion primarily attributable to:
 - o \$9.6 billion in our Hedge Fund Solutions segment driven by \$6.7 billion from customized solutions, \$1.5 billion from individual investor and specialized solutions and \$1.4 billion from commingled products,
 - o \$7.6 billion in our Credit & Insurance segment driven by \$3.8 billion from certain liquid credit and MLP strategies, \$2.7 billion from BIS, \$469.3 million from CLOs and \$307.4 million from stressed/distressed strategies,
 - o \$1.4 billion in our Real Estate segment driven by \$876.0 million from BREIT, \$370.1 million from BPP U.S. and co-investment and \$141.0 million from BREDS, and
 - o \$1.1 billion in our Private Equity segment driven by \$418.1 million from Tactical Opportunities, \$386.0 million from multi-asset products and \$245.5 million from Strategic Partners.
- Realizations of \$19.1 billion primarily driven by:
 - o \$7.3 billion in our Credit & Insurance segment driven by \$2.9 billion from CLOs, \$1.8 billion from direct lending, \$996.4 million from stressed/distressed strategies, \$866.6 million from mezzanine funds, \$355.0 million from energy strategies and \$319.1 million from certain liquid credit and MLP strategies,
 - o \$6.4 billion in our Private Equity segment driven by \$2.4 billion from corporate private equity, \$2.2 billion from Strategic Partners and \$1.6 billion from Tactical Opportunities, and
 - o \$4.9 billion in our Real Estate segment driven by \$1.8 billion from BREP opportunistic funds and co-investment, \$1.7 billion from BREDS and \$1.5 billion from Core+ real estate.

Total Assets Under Management

Total Assets Under Management were \$684.0 billion at June 30, 2021, an increase of \$35.2 billion, compared to \$648.8 billion at March 31, 2021. The net increase was due to:

- Inflows of \$37.3 billion primarily related to:
 - o \$18.9 billion in our Credit & Insurance segment driven by \$9.5 billion from direct lending (which exceeds Fee-Earning Assets Under Management inflows principally due to certain funds charging fees on net assets versus gross assets), \$4.3 billion from certain liquid credit and MLP strategies, \$3.6 billion from CLOs, \$2.0 billion from BIS, \$981.3 million from mezzanine funds and \$868.6 million from our structured products group, all partially offset by \$2.4 billion of allocations to various strategies and other segments,
 - o \$8.9 billion in our Real Estate segment driven by \$5.8 billion from BREIT, \$1.2 billion from BREDS, \$911.0 million from BPP Europe and co-investment, \$437.2 million from BPP U.S. and co-investment, \$243.8 million from BPP Life Sciences, \$175.6 million from BREP opportunistic funds and \$125.4 million from BPP Asia,
 - o \$7.3 billion in our Private Equity segment driven by \$3.6 billion from Strategic Partners, \$2.5 billion from corporate private equity and \$1.1 billion from Tactical Opportunities, and
 - o \$2.2 billion in our Hedge Fund Solutions segment driven by \$1.4 billion from individual investor and specialized solutions, \$429.3 million from commingled products and \$356.8 million from customized solutions.
- Market activity of \$29.2 billion primarily driven by:
 - o \$14.2 billion of market appreciation in our Private Equity segment driven by carrying value increases in corporate private equity, Tactical Opportunities and Strategic Partners of 13.8%, 7.2% and 17.7%, during the quarter, respectively, which includes \$68.4 million of foreign exchange appreciation across the segment,

- o \$8.3 billion of market appreciation in our Real Estate segment driven by carrying value increases in opportunistic and Core+ real estate of 9.4% and 5.7%, during the quarter, respectively, which includes \$452.1 million of foreign exchange appreciation across the segment,
- o \$4.0 billion of market appreciation in our Credit & Insurance segment driven by appreciation of \$2.5 billion from certain liquid credit and MLP strategies, \$520.2 million from direct lending, \$290.9 million from mezzanine funds, \$262.2 million from CLOs, \$213.9 million from stressed/distressed strategies and \$180.0 million from energy strategies, all of which included \$361.8 million of foreign exchange appreciation across the segment, and
- o \$2.7 billion of market appreciation in our Hedge Fund Solutions segment driven by reasons noted above in Fee-Earning Assets Under Management.

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

Offsetting these increases were:

- Realizations of \$19.6 billion primarily driven by:
 - o \$8.6 billion in our Private Equity segment driven by \$4.0 billion from corporate private equity, \$2.6 billion from Strategic Partners and \$1.8 billion from Tactical Opportunities,
 - o \$5.4 billion in our Credit & Insurance segment driven by \$2.1 billion from CLOs, \$1.1 billion from direct lending, \$1.1 billion from stressed/distressed strategies, \$508.1 million from mezzanine funds, \$355.6 million from energy strategies and \$173.1 million from certain liquid credit and MLP strategies, and
 - o \$5.3 billion in our Real Estate segment driven by \$4.0 billion from BREP opportunistic and co-investment, \$877.7 million from Core+ real estate and \$461.4 million from BREDS.

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

- Outflows of \$11.7 billion primarily attributable to:
 - o \$7.3 billion in our Hedge Fund Solutions segment driven by \$5.3 billion from customized solutions, \$1.4 billion from commingled products and \$587.9 million from individual investor and specialized solutions,
 - o \$2.7 billion in our Credit & Insurance segment driven by \$1.5 billion from certain liquid credit and MLP strategies, \$534.4 million from CLOs and \$347.2 million from BIS, and
 - o \$1.1 billion on our Private Equity segment driven by \$600.3 million from Tactical Opportunities and \$183.2 million from multi-asset products.

Total Assets Under Management were \$684.0 billion at June 30, 2021, an increase of \$65.5 billion, or 11%, compared to \$618.6 billion at December 31, 2020. The net increase was due to:

- Inflows of \$68.9 billion primarily related to:
 - o \$32.0 billion in our Credit & Insurance segment driven by \$16.6 billion from direct lending (which exceeds Fee-Earning Assets Under Management inflows principally due to certain funds charging fees on net assets versus gross assets), \$5.2 billion from certain liquid credit and MLP strategies, \$3.7 billion from CLOs, \$2.7 billion from our structured products group, \$2.0 billion from BIS and \$1.5 billion from mezzanine funds,

- o \$17.5 billion in our Real Estate segment driven by \$9.3 billion from BREIT, \$4.1 billion from BPP Life Sciences, \$1.6 billion from BREDS, \$1.0 billion from BPP Europe and co-investment, \$639.3 million from BPP U.S. and co-investment, \$533.1 million from BREP opportunistic funds and \$286.4 million from BPP Asia,
- o \$15.2 billion in our Private Equity segment driven by \$6.2 billion from corporate private equity, \$4.2 billion from Strategic Partners, \$2.3 billion from Tactical Opportunities, \$1.9 billion from BXG and \$481.3 million from multi-asset products, and
- o \$4.3 billion in our Hedge Fund Solutions segment driven by \$3.0 billion from individual investor and specialized solutions, \$654.9 million from customized solutions and \$621.3 million from commingled products.
- Market activity of \$52.7 billion primarily driven by:
 - o \$29.5 billion of market appreciation in our Private Equity segment driven by carrying value increases in corporate private equity, Tactical Opportunities and Strategic Partners of 29.0%, 22.1% and 28.7%, during the year, respectively, which includes \$262.2 million of foreign exchange depreciation across the segment,
 - o \$12.5 billion of market appreciation in our Real Estate segment driven by carrying value increases in opportunistic and Core+ real estate of 14.9% and 9.0%, during the year, respectively, which includes \$1.2 billion of foreign exchange depreciation across the segment,
 - o \$5.9 billion of market appreciation in our Credit & Insurance segment driven by appreciation of \$3.1 billion from certain liquid credit and MLP strategies, \$715.7 million from mezzanine funds, \$908.8 million from direct lending, \$596.1 million from stressed/distressed strategies and \$534.5 million from energy strategies, all of which included \$115.5 million of foreign exchange appreciation across the segment, and
 - o \$4.9 billion of market appreciation in our Hedge Fund Solutions segment driven by reasons noted above in Fee-Earning Assets Under Management.

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

Offsetting these increases were:

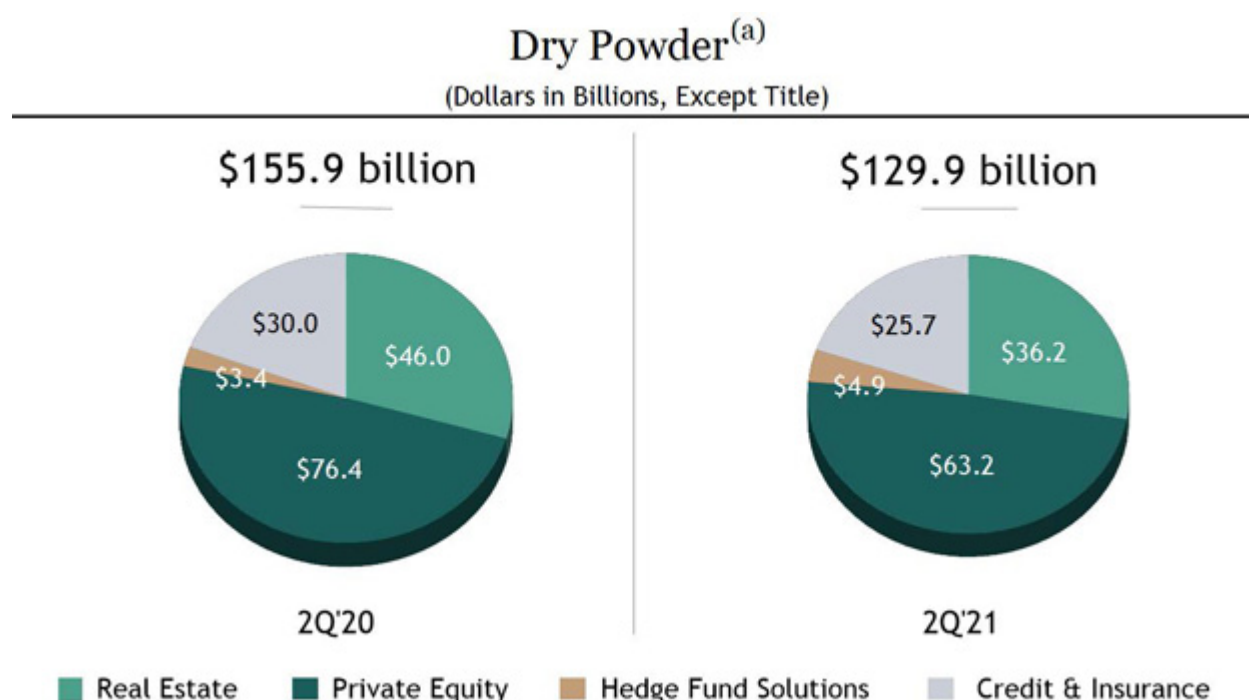
- Realizations of \$34.5 billion primarily driven by:
 - o \$16.7 billion in our Private Equity segment driven by \$7.8 billion from corporate private equity, \$4.2 billion from Strategic Partners, \$4.1 billion from Tactical Opportunities, \$278.6 million from BXG, \$162.3 million from BIP and \$151.2 million from BXLS,
 - o \$10.0 billion in our Credit & Insurance segment driven by \$2.9 billion from CLOs, \$2.7 billion from direct lending, \$1.9 billion from mezzanine funds, \$1.6 billion from stressed/distressed strategies, \$573.1 million from energy strategies and \$347.5 million from certain liquid credit and MLP strategies, and
 - o \$7.3 billion in our Real Estate segment driven by \$4.9 billion from BREP opportunistic and co-investment, \$1.5 billion from Core+ real estate and \$845.3 million from BREDS.

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

- Outflows of \$21.6 billion primarily attributable to:
 - o \$8.9 billion in our Hedge Fund Solutions segment driven by \$5.6 billion from customized solutions, \$1.8 billion from individual investor and specialized solutions and \$1.5 billion from commingled products,
 - o \$8.5 billion in our Credit & Insurance segment driven by \$4.0 billion from certain liquid credit and MLP strategies, \$2.6 billion from BIS, \$588.7 million from direct lending, \$587.0 million from CLOs, \$213.9 million from stressed/distressed strategies, \$141.4 million from our structured products group and \$106.3 million from energy strategies,
 - o \$2.4 billion in our Real Estate segment driven by \$1.3 billion from Core+ real estate, \$738.8 million from BREDS and \$365.0 million from BREP opportunistic funds and co-investment, and
 - o \$1.8 billion in our Private Equity segment driven by \$845.1 million from Tactical Opportunities, \$390.1 million from Strategic Partners, \$281.5 million from multi-asset products and \$160.0 million from corporate private equity.

Dry Powder

The following presents our Dry Powder as of quarter end of each period:



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.

Net Accrued Performance Revenues

The following table presents the Accrued Performance Revenues, net of performance compensation, of the Blackstone Funds as of June 30, 2021 and 2020. Net Accrued Performance Revenues excludes Performance Revenues realized but not yet distributed as of the respective quarter end and clawback amounts, if any, which are disclosed in Note 17. "Commitments and Contingencies — Contingencies — Contingent Obligations (Clawback)" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing. See "— Non-GAAP Financial Measures" for our reconciliation of Net Accrued Performance Revenues.

	June 30,	
	2021	2020
	(Dollars in Millions)	
Real Estate		
BREP IV	\$ 19	\$ 7
BREP V	26	1
BREP VI	42	45
BREP VII	300	238
BREP VIII	626	604
BREP IX	359	6
BREP Europe IV	89	105
BREP Europe V	312	99
BREP Europe VI	60	—
BREP Asia I	107	85
BREP Asia II	98	—
BPP	265	225
BREIT	247	—
BREDS	32	3
BTAS	6	22
Total Real Estate (a)	2,591	1,441
Private Equity		
BCP IV	9	19
BCP V	39	—
BCP VI	740	521
BCP VII	1,351	307
BCP VIII	89	—
BCP Asia I	213	18
BEP I	28	63
BEP III	47	3
BCEP I	170	43
Tactical Opportunities (b)	432	55
Strategic Partners	262	155
BIP	81	—
BXLS	23	8
BTAS/Other	151	7
Total Private Equity (a)	3,637	1,199
Hedge Fund Solutions	300	26
Credit & Insurance	233	42
Total Blackstone Net Accrued Performance Revenues	\$ 6,761	\$ 2,708

Note: Totals may not add due to rounding.

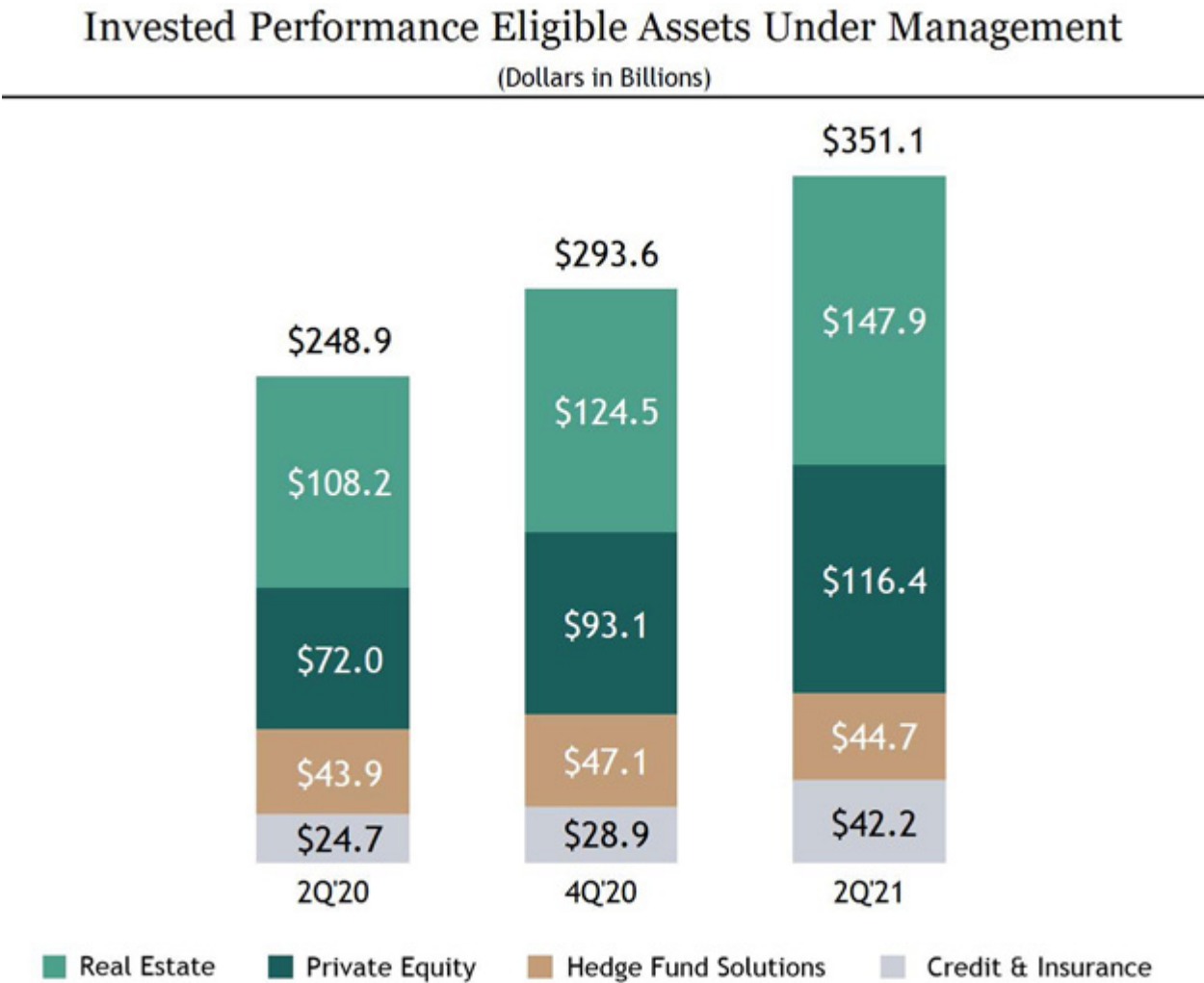
(a) Real Estate and Private Equity include co-investments, as applicable.

(b) Tactical Opportunities includes Blackstone Growth.

For the twelve months ended June 30, 2021, Net Accrued Performance Revenues receivable increased due to Net Performance Revenues of \$6.1 billion offset by net realized distributions of \$2.0 billion.

Invested Performance Eligible Assets Under Management

The following presents our Invested Performance Eligible Assets Under Management as of quarter end for each period:



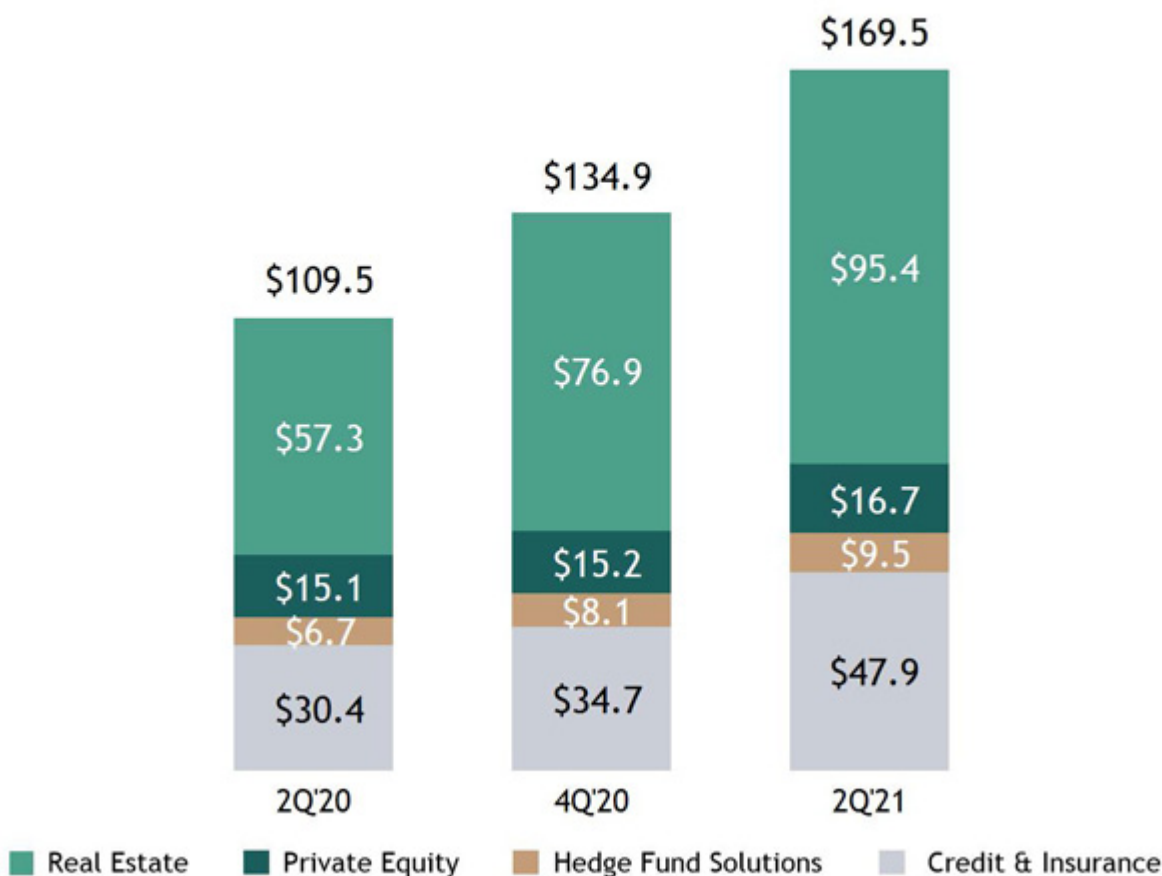
Note: Totals may not add due to rounding.

Perpetual Capital

The following presents our Perpetual Capital Total Assets Under Management as of quarter end for each period:

Perpetual Capital Total Assets Under Management

(Dollars in Billions)



Note: Totals may not add due to rounding.

Investment Records

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 Blackstone and is also not necessarily indicative of the future performance of any particular fund. An investment in Blackstone 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 June 30, 2021:

Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
(Dollars/Euros 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	—	67,097	1.3x	56%	4,579,740	1.7x	4,646,837	1.7x	13%	12%	
BREP V (Dec 2005 / Feb 2007)	5,539,418	231,857	255,300	1.1x	58%	13,090,349	2.4x	13,345,649	2.3x	12%	11%	
BREP VI (Feb 2007 / Aug 2011)	11,060,444	550,596	493,096	2.3x	77%	27,272,291	2.5x	27,765,387	2.5x	13%	13%	
BREP VII (Aug 2011 / Apr 2015)	13,496,823	1,525,932	5,918,553	1.3x	6%	23,280,621	2.1x	29,199,174	1.9x	22%	14%	
BREP VIII (Apr 2015 / Jun 2019)	16,576,617	2,571,042	14,572,997	1.3x	—	14,848,690	2.4x	29,421,687	1.7x	29%	15%	
*BREP IX (Jun 2019 / Dec 2024)	21,007,890	11,839,168	12,675,878	1.4x	7%	1,585,131	1.7x	14,261,009	1.4x	n/m	29%	
Total Global BREP	\$ 73,122,355	\$ 16,718,595	\$ 33,982,921	1.4x	6%	\$ 92,191,740	2.3x	\$ 126,174,661	1.9x	18%	16%	
BREP Int’I (Jan 2001 / Sep 2005)	€ 824,172	€ —	€ —	n/a	—	€ 1,373,170	2.1x	€ 1,373,170	2.1x	23%	23%	
BREP Int’I II (Sep 2005 / Jun 2008) (e)	1,629,748	—	—	n/a	—	2,576,670	1.8x	2,576,670	1.8x	8%	8%	
BREP Europe III (Jun 2008 / Sep 2013)	3,205,167	460,260	339,108	0.5x	—	5,738,120	2.5x	6,077,228	2.1x	20%	14%	
BREP Europe IV (Sep 2013 / Dec 2016)	6,675,950	1,328,875	2,226,614	1.4x	—	9,238,374	1.9x	11,464,988	1.8x	20%	14%	
BREP Europe V (Dec 2016 / Oct 2019)	7,937,730	1,579,708	8,147,321	1.4x	—	1,530,272	2.5x	9,677,593	1.5x	41%	11%	
*BREP Europe VI (Oct 2019 / Apr 2025)	9,835,049	6,410,782	3,935,114	1.2x	2%	9,200	n/a	3,944,314	1.2x	n/m	13%	
Total BREP Europe	€ 30,107,816	€ 9,779,625	€ 14,648,157	1.3x	1%	€ 20,465,806	2.1x	€ 35,113,963	1.7x	16%	12%	

continued...

Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	%	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
(Dollars/Euros in Thousands, Except Where Noted)												
Real Estate (continued)												
BREP Asia I (Jun 2013 / Dec 2017)	\$ 4,261,983	\$ 916,901	\$ 2,505,476	1.4x	17%	\$ 5,788,923	2.1x	\$ 8,294,399	1.8x	21%	13%	
*BREP Asia II (Dec 2017 / Jun 2023)	7,349,172	3,091,837	5,381,616	1.3x	5%	491,184	1.7x	5,872,800	1.3x	55%	11%	
BREP Co-Investment (f)	7,055,974	32,158	670,425	1.6x	1%	14,812,488	2.2x	15,482,913	2.2x	16%	16%	
Total BREP	\$ 127,579,181	\$ 32,356,170	\$ 59,378,266	1.3x	5%	\$ 138,957,222	2.2x	\$ 198,335,488	1.9x	17%	15%	
*Core+ BPP (Various) (g)	\$ n/a	\$ n/a	\$ 48,143,297	n/a	—	\$ 8,480,471	n/a	\$ 56,623,768	n/a	n/a	9%	
*Core+ BREIT (Various) (h)	n/a	n/a	31,518,967	n/a	—	1,008,038	n/a	32,527,005	n/a	n/a	11%	
*BREDS High-Yield (Various) (i)	19,991,125	7,767,589	5,179,211	1.1x	—	13,732,462	1.3x	18,911,673	1.2x	11%	10%	
Private Equity												
Corporate 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	16,589	n/a	—	2,953,649	1.4x	2,970,238	1.4x	6%	6%	
BCP IV (Nov 2002 / Dec 2005)	6,773,182	179,524	118,662	1.3x	—	21,478,010	2.9x	21,596,672	2.8x	36%	36%	
BCP V (Dec 2005 / Jan 2011)	21,009,112	1,035,259	553,720	37.5x	98%	37,876,327	1.9x	38,430,047	1.9x	8%	8%	
BCP VI (Jan 2011 / May 2016)	15,202,246	1,164,816	11,003,889	2.0x	52%	20,142,109	2.1x	31,145,998	2.1x	17%	13%	
BCP VII (May 2016 / Feb 2020)	18,846,349	1,622,124	27,335,958	1.8x	34%	5,130,267	1.9x	32,466,225	1.8x	29%	21%	
*BCP VIII (Feb 2020 / Feb 2026)	24,884,732	21,948,631	4,226,476	1.5x	6%	—	n/a	4,226,476	1.5x	n/a	n/m	
Energy I (Aug 2011 / Feb 2015)	2,441,558	142,138	728,983	1.4x	64%	3,618,876	1.9x	4,347,859	1.8x	14%	11%	
Energy II (Feb 2015 / Feb 2020)	4,914,647	833,132	4,214,573	1.3x	20%	1,197,747	0.9x	5,412,320	1.2x	-8%	2%	
*Energy III (Feb 2020 / Feb 2026)	4,257,011	3,679,798	1,091,715	2.1x	75%	238,516	2.0x	1,330,231	2.0x	94%	95%	
*BCP Asia I (Dec 2017 / Dec 2023)	2,414,503	1,370,026	3,079,369	3.1x	58%	603,472	4.8x	3,682,841	3.3x	97%	65%	
BCP Asia II (TBD)	5,243,475	5,243,475	—	n/a	—	—	n/a	—	n/a	n/a	n/a	
Core Private Equity I (Jan 2017 / Mar 2021) (j)	4,756,020	1,076,792	7,024,913	1.8x	—	1,284,639	2.3x	8,309,552	1.9x	31%	25%	
*Core Private Equity II (Mar 2021 / Mar 2026) (j)	8,165,403	8,156,099	(4,266)	n/a	—	—	n/a	(4,266)	n/a	n/a	n/a	
Total Corporate Private Equity	\$ 127,233,171	\$ 46,476,389	\$ 59,390,581	1.8x	33%	\$ 108,706,857	2.1x	\$ 168,097,438	2.0x	16%	15%	

continued...

Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)		
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total	
(Dollars/Euros in Thousands, Except Where Noted)												
Private Equity (continued)												
Tactical Opportunities												
*Tactical Opportunities (Various)	\$ 22,862,522	\$ 7,088,393	\$ 14,979,562	1.5x	20%	\$ 14,307,619	1.8x	\$ 29,287,181	1.6x	17%	13%	
*Tactical Opportunities Co-Investment and Other (Various)	9,238,885	1,445,766	4,253,052	1.4x	6%	6,072,437	1.6x	10,325,489	1.5x	20%	16%	
Total Tactical Opportunities	\$ 32,101,407	\$ 8,534,159	\$ 19,232,614	1.5x	17%	\$ 20,380,056	1.7x	\$ 39,612,670	1.6x	18%	14%	
*Blackstone Growth (Jul 2020 / Jul 2025)	\$ 4,761,851	\$ 3,500,609	\$ 2,101,698	1.6x	46%	\$ 220,087	3.8x	\$ 2,321,785	1.7x	n/m	n/m	
Strategic Partners (Secondaries)												
Strategic Partners I-V (Various) (k)	11,863,351	1,047,300	722,607	n/m	—	17,234,545	n/m	17,957,152	1.6x	n/a	13%	
Strategic Partners VI (Apr 2014 / Apr 2016) (k)	4,362,750	1,316,363	1,278,661	n/m	—	3,596,948	n/m	4,875,609	1.5x	n/a	15%	
Strategic Partners VII (May 2016 / Mar 2019) (k)	7,489,970	2,049,841	5,268,290	n/m	—	3,509,459	n/m	8,777,749	1.6x	n/a	20%	
Strategic Partners Real Assets II (May 2017 / Jun 2020) (k)	1,749,807	379,942	1,047,927	n/m	—	535,504	n/m	1,583,431	1.2x	n/a	12%	
*Strategic Partners VIII (Mar 2019 / Jul 2023) (k)	10,763,600	5,454,255	5,691,944	n/m	—	1,991,266	n/m	7,683,210	1.5x	n/a	44%	
*Strategic Partners Real Estate, SMA and Other (Various) (k)	7,878,498	2,537,778	2,999,839	n/m	—	2,015,737	n/m	5,015,576	1.3x	n/a	15%	
*Strategic Partners Infra III (Jun 2020 / Jul 2024) (k)	3,250,100	2,627,042	101,030	n/m	—	14,819	n/a	115,849	1.7x	n/a	n/m	
Total Strategic Partners (Secondaries)	\$ 47,358,076	\$ 15,412,521	\$ 17,110,298	n/m	—	\$ 28,898,278	n/m	\$ 46,008,576	1.5x	n/a	15%	
*Infrastructure (Various)	\$ 13,658,063	\$ 9,103,132	\$ 6,168,496	1.4x	49%	\$ —	n/a	\$ 6,168,496	1.4x	n/a	20%	
Life Sciences												
Clarus IV (Jan 2018 / Jan 2020)	910,000	275,501	821,098	1.5x	5%	34,970	0.8x	856,068	1.5x	-27%	16%	
*BXL V (Jan 2020 / Jan 2025)	4,772,543	4,124,567	822,115	1.4x	15%	—	n/a	822,115	1.4x	n/a	n/m	

continued...

Fund (Investment Period Beginning Date / Ending Date) (a)	Committed Capital	Available Capital (b)	Unrealized Investments			Realized Investments		Total Investments		Net IRRs (d)	
			Value	MOIC (c)	% Public	Value	MOIC (c)	Value	MOIC (c)	Realized	Total
(Dollars/Euros in Thousands, Except Where Noted)											
Credit											
Mezzanine / Opportunistic I (Jul 2007 / Oct 2011)	\$ 2,000,000	\$ 97,114	\$ 20,784	1.1x	—	\$ 4,775,786	1.6x	\$ 4,796,570	1.6x	n/a	17%
Mezzanine / Opportunistic II (Nov 2011 / Nov 2016)	4,120,000	1,013,932	876,247	0.6x	—	5,787,118	1.6x	6,663,365	1.3x	n/a	10%
Mezzanine / Opportunistic III (Sep 2016 / Jan 2021)	6,639,133	1,073,044	5,120,278	1.1x	—	3,756,163	1.7x	8,876,441	1.3x	n/a	11%
*Mezzanine / Opportunistic IV (Jan 2021 / Jan 2026)	3,738,771	3,304,044	444,960	1.0x	—	5,321	n/a	450,281	1.0x	n/a	n/a
Stressed / Distressed I (Sep 2009 / May 2013)	3,253,143	76,000	—	n/a	—	5,776,922	1.3x	5,776,922	1.3x	n/a	9%
Stressed / Distressed II (Jun 2013 / Jun 2018)	5,125,000	547,430	642,546	0.7x	—	4,956,906	1.2x	5,599,452	1.1x	n/a	1%
*Stressed / Distressed III (Dec 2017 / Dec 2022)	7,356,380	3,665,909	2,142,557	1.0x	—	2,002,481	1.4x	4,145,038	1.1x	n/a	8%
Energy I (Nov 2015 / Nov 2018)	2,856,867	1,003,583	1,437,797	1.0x	—	1,523,775	1.6x	2,961,572	1.3x	n/a	8%
*Energy II (Feb 2019 / Feb 2024)	3,616,081	2,639,556	1,109,599	1.1x	—	338,649	1.7x	1,448,248	1.2x	n/a	27%
European Senior Debt I (Feb 2015 / Feb 2019)	€ 1,964,689	€ 262,076	€ 1,403,591	1.0x	—	€ 1,824,750	1.4x	€ 3,228,341	1.2x	n/a	6%
*European Senior Debt II (Jun 2019 / Jun 2024)	€ 4,088,344	€ 3,344,258	€ 1,777,997	1.0x	—	€ 581,142	1.2x	€ 2,359,139	1.1x	n/a	19%
Total Credit Drawdown Funds (I)	\$ 45,611,033	\$ 17,697,364	\$ 15,567,813	1.0x	—	\$ 31,707,914	1.4x	\$ 47,275,727	1.3x	n/a	10%
*Direct Lending BDC (Various) (m)	\$ 3,926,295	\$ 356,250	\$ 3,741,102	n/a	—	\$ 379,307	n/a	\$ 4,120,409	n/a	n/a	10%

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

-
- n/m Not meaningful generally due to the limited time since initial investment.
- n/a Not applicable.
- SMA Separately managed account.
- * Represents funds that are currently in their investment period and open-ended funds.
- (a) Excludes investment vehicles where Blackstone does not earn fees.
- (b) Available Capital represents total investable capital commitments, including side-by-side, adjusted for certain expenses and expired or callable capital and may include leverage, less invested capital. This amount is not reduced by outstanding commitments to investments.
- (c) Multiple of Invested Capital ("MOIC") represents carrying value, before management fees, expenses and Performance Revenues, divided by invested capital.
- (d) Unless otherwise indicated, Net Internal Rate of Return ("IRR") represents the annualized inception to June 30, 2021 IRR on total invested capital based on realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues. IRRs are calculated using actual timing of limited partner cash flows. Initial inception date of cash flows may differ from the Investment Period Beginning Date.
- (e) The 8% Realized Net IRR and 8% Total Net IRR exclude investors that opted out of the Hilton investment opportunity. Overall BREP International II performance reflects a 7% Realized Net IRR and a 7% Total Net IRR.
- (f) BREP Co-Investment represents co-investment capital raised for various BREP investments. The Net IRR reflected is calculated by aggregating each co-investment's realized proceeds and unrealized value, as applicable, after management fees, expenses and Performance Revenues.
- (g) BPP represents the Core+ real estate funds which invest with a more modest risk profile and lower leverage. Committed Capital and Available Capital are not regularly reported to investors in our Core+ strategy and are not applicable in the context of these funds.
- (h) Unrealized Investment Value reflects BREIT's net asset value as of June 30, 2021. Realized Investment Value represents BREIT's cash distributions, net of servicing fees. The BREIT net return reflects a per share blended return, assuming BREIT had a single share class, reinvestment of all dividends received during the period, and no upfront selling commission, net of all fees and expenses incurred by BREIT. These returns are not representative of the returns experienced by any particular investor or share class. Inception to date net returns are presented on an annualized basis and are from January 1, 2017. Committed Capital and Available Capital are not regularly reported to investors in our Core+ strategy and are not applicable in the context of this vehicle.
- (i) BREDS High-Yield represents the flagship real estate debt drawdown funds only and excludes BREDS High-Grade.
- (j) Blackstone Core Equity Partners is a core private equity strategy which invests with a more modest risk profile and longer hold period than traditional private equity.
- (k) Realizations are treated as return of capital until fully recovered and therefore unrealized and realized MOICs are not meaningful. If information is not available on a timely basis, returns are calculated from results that are reported on a three month lag and therefore do not include the impact of economic and market activities in the quarter in which such events occur.
- (l) Funds presented represent the flagship credit drawdown funds only. The Total Credit Net IRR is the combined IRR of the credit drawdown funds presented.
- (m) Unrealized Investment Value reflects BXSL's net asset value as of June 30, 2021. Realized Investment Value represents BXSL's cash distributions. BXSL's net return is annualized and calculated since inception starting on November 20, 2018, as the change in net asset value ("NAV") per share during the period, plus distributions per share (assuming dividends and distributions are reinvested in accordance with the Company's dividend reinvestment plan) divided by the beginning NAV per share.

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:

	Three Months Ended June 30,		2021 vs. 2020		Six Months Ended June 30,		2021 vs. 2020	
	2021	2020	\$	%	2021	2020	\$	%
(Dollars in Thousands)								
Management Fees, Net								
Base Management Fees	\$ 453,664	\$ 382,704	\$ 70,960	19%	\$ 880,850	\$ 754,142	\$ 126,708	17%
Transaction and Other Fees, Net	38,080	32,039	6,041	19%	64,099	55,063	9,036	16%
Management Fee Offsets	(493)	(2,436)	1,943	-80%	(2,116)	(10,777)	8,661	-80%
Total Management Fees, Net	491,251	412,307	78,944	19%	942,833	798,428	144,405	18%
Fee Related Performance Revenues	33,776	6,505	27,271	419%	189,168	11,056	178,112	n/m
Fee Related Compensation	(121,957)	(116,640)	(5,317)	5%	(310,449)	(236,936)	(73,513)	31%
Other Operating Expenses	(54,760)	(44,525)	(10,235)	23%	(99,122)	(85,001)	(14,121)	17%
Fee Related Earnings	348,310	257,647	90,663	35%	722,430	487,547	234,883	48%
Realized Performance Revenues	351,053	34,209	316,844	926%	439,691	77,929	361,762	464%
Realized Performance Compensation	(154,928)	(12,547)	(142,381)	n/m	(177,690)	(25,939)	(151,751)	585%
Realized Principal Investment Income	28,129	1,573	26,556	n/m	128,949	8,873	120,076	n/m
Net Realizations	224,254	23,235	201,019	865%	390,950	60,863	330,087	542%
Segment Distributable Earnings	\$ 572,564	\$ 280,882	\$ 291,682	104%	\$ 1,113,380	\$ 548,410	\$ 564,970	103%

n/m Not meaningful.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Segment Distributable Earnings were \$572.6 million for the three months ended June 30, 2021, an increase of \$291.7 million, or 104%, compared to \$280.9 million for the three months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$90.7 million in Fee Related Earnings and \$201.0 million in Net Realizations.

Segment Distributable Earnings in our Real Estate segment in the second quarter of 2021 were higher compared to the second quarter of 2020. This was primarily driven by increased Net Realizations, as well as an increase in Fee Related Earnings due to growth in Fee-Earning Assets Under Management and the crystallization of performance revenues for certain vehicles, partially offset by an increase in Other Operating Expenses. Continued favorable market conditions have contributed to significant realization and capital deployment opportunities. We have also benefited from fundraising momentum in our perpetual capital strategies, which represent an increasing percentage of our Total Assets Under Management. Broad-based economic recovery and activity in the U.S. have continued to accelerate following meaningful progress on COVID-19 vaccine distribution, the easing of shutdowns and other restrictions and support from previously implemented fiscal and monetary stimulus. We are also seeing early signs of recovery in certain investments in our real estate portfolio, such as those in hospitality and leisure, that have been materially impacted by the COVID-19 pandemic. Nevertheless, both in the U.S. and abroad, there is continued uncertainty regarding the trajectory of a continuing recovery, particularly given the potential for an increase in COVID-19 infection levels globally as a result of new variants. The global economic recovery could

remain uneven with dispersion across sectors and regions. Inflation in the U.S. is showing signs of acceleration, although this rise may be a temporary result from lingering COVID-19-related supply chain issues. Higher inflation would potentially negatively impact certain real estate assets, such as those with long-term leases that do not provide for short-term rent increases. Our real estate strategies have, however, oriented their portfolios toward investments in markets where we see opportunities for stronger relative growth, with better insulation from inflation pressure. If increasing wages and other inputs increasingly pressure profit margins, the valuations of certain investments in our Real Estate segment would potentially be negatively impacted.

In addition, the Presidential administration and the U.S. Congress may introduce new or enforce existing policies and regulations that may create uncertainty for our business and investment strategies and could have an adverse impact on us and our portfolio companies. Such conditions (which may be across industries, sectors or geographies) may contribute to adverse operating performance, including moderated rent growth in certain markets in our residential portfolio. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and has adversely impacted, and may continue to adversely impact, our performance and results of operations,” “— Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition” and “— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds’ investments, which would adversely affect our operating results and cash flows” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Fee Related Earnings

Fee Related Earnings were \$348.3 million for the three months ended June 30, 2021, an increase of \$90.7 million, or 35%, compared to \$257.6 million for the three months ended June 30, 2020. The increase in Fee Related Earnings was primarily attributable to increases of \$78.9 million in Management Fees, Net and \$27.3 million in Fee Related Performance Revenues, partially offset by an increase of \$10.2 million in Other Operating Expenses.

Management Fees, Net were \$491.3 million for the three months ended June 30, 2021, an increase of \$78.9 million, compared to \$412.3 million for the three months ended June 30, 2020, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$71.0 million primarily due to Fee-Earning Assets Under Management growth in Core+ real estate.

Fee Related Performance Revenues were \$33.8 million for the three months ended June 30, 2021, an increase of \$27.3 million, compared to \$6.5 million for the three months ended June 30, 2020. The increase was primarily due to crystallization events in BPP Europe.

Other Operating Expenses were \$54.8 million for the three months ended June 30, 2021, an increase of \$10.2 million, compared to \$44.5 million for the three months ended June 30, 2020. The increase was primarily due to occupancy and technology related expenses to support business growth.

Net Realizations

Net Realizations were \$224.3 million for the three months ended June 30, 2021, an increase of \$201.0 million, or 865%, compared to \$23.2 million for the three months ended June 30, 2020. The increase in Net Realizations was attributable to increases of \$316.8 million in Realized Performance Revenues and \$26.6 million in Realized Principal Investment Income, partially offset by an increase of \$142.4 million in Realized Performance Compensation.

Realized Performance Revenues were \$351.1 million for the three months ended June 30, 2021, an increase of \$316.8 million, compared to \$34.2 million for the three months ended June 30, 2020. The increase was primarily due to higher realized gains in the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

Realized Principal Investment Income was \$28.1 million for the three months ended June 30, 2021, an increase of \$26.6 million, compared to \$1.6 million for the three months ended June 30, 2020. The increase was primarily due to higher realized gains in the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

Realized Performance Compensation was \$154.9 million for the three months ended June 30, 2021, an increase of \$142.4 million, compared to \$12.5 million for the three months ended June 30, 2020. The increase was primarily due to the increase in Realized Performance Revenues.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Segment Distributable Earnings were \$1.1 billion for the six months ended June 30, 2021, an increase of \$565.0 million, or 103%, compared to \$548.4 million for the six months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$234.9 million in Fee Related Earnings and \$330.1 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings were \$722.4 million for the six months ended June 30, 2021, an increase of \$234.9 million, or 48%, compared to \$487.5 million for the six months ended June 30, 2020. The increase in Fee Related Earnings was primarily attributable to increases of \$178.1 million in Fee Related Performance Revenues and \$144.4 million in Management Fees, Net, partially offset by an increase of \$73.5 million in Fee Related Compensation.

Fee Related Performance Revenues were \$189.2 million for the six months ended June 30, 2021, an increase of \$178.1 million, compared to \$11.1 million for the six months ended June 30, 2020. The increase was primarily due to crystallization events in the Logisor separately managed account and BPP Europe.

Management Fees, Net were \$942.8 million for the six months ended June 30, 2021, an increase of \$144.4 million, compared to \$798.4 million for the six months ended June 30, 2020, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$126.7 million primarily due to Fee-Earning Assets Under Management growth in Core+ real estate and the end of BREP Europe VI's fee holiday in the first quarter of 2020.

Fee Related Compensation was \$310.4 million for the six months ended June 30, 2021, an increase of \$73.5 million, compared to \$236.9 million for the six months ended June 30, 2020. The increase was primarily due to increases in Fee Related Performance Revenues and Management Fees, Net, on which a portion of Fee Related Compensation is based.

Net Realizations

Net Realizations were \$391.0 million for the six months ended June 30, 2021, an increase of \$330.1 million, or 542%, compared to \$60.9 million for the six months ended June 30, 2020. The increase in Net Realizations was attributable to increases of \$361.8 million in Realized Performance Revenues and \$120.1 million in Realized Principal Investment Income, partially offset by an increase of \$151.8 million in Realized Performance Compensation.

Realized Performance Revenues were \$439.7 million for the six months ended June 30, 2021, an increase of \$361.8 million, compared to \$77.9 million for the six months ended June 30, 2020. The increase was primarily due to the higher realized gains in the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Realized Principal Investment Income was \$128.9 million for the six months ended June 30, 2021, an increase of \$120.1 million, compared to \$8.9 million for the six months ended June 30, 2020. The increase was primarily due to the segment's allocation of the gain recognized in the first quarter of 2021 in connection with the Pátria sale transactions. For additional information, see Note 4. "Investments — Equity Method Investments" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements."

Realized Performance Compensation was \$177.7 million for the six months ended June 30, 2021, an increase of \$151.8 million, compared to \$25.9 million for the six months ended June 30, 2020. The increase was primarily 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 Blackstone and is also not necessarily indicative of the future performance of any particular fund. An investment in Blackstone 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:

Fund (a)	Three Months Ended June 30,				Six Months Ended June 30,				June 30, 2021 Inception to Date			
	2021		2020		2021		2020		Realized		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BREP VII	7%	6%	-9%	-8%	11%	9%	-22%	-20%	30%	22%	21%	14%
BREP VIII	12%	10%	4%	3%	17%	13%	-4%	-3%	36%	29%	21%	15%
BREP IX	17%	13%	10%	9%	27%	20%	8%	3%	n/m	n/m	44%	29%
BREP Europe IV (b)	-1%	-1%	-5%	-5%	-1%	-1%	-13%	-12%	29%	20%	20%	14%
BREP Europe V (b)	6%	5%	1%	1%	10%	8%	-7%	-6%	52%	41%	16%	11%
BREP Europe VI (b)	11%	8%	n/m	n/m	19%	13%	n/m	n/m	n/m	n/m	25%	13%
BREP Asia I	5%	4%	-	-	20%	16%	-15%	-13%	29%	21%	19%	13%
BREP Asia II	4%	3%	3%	2%	16%	10%	-6%	-7%	81%	55%	20%	11%
BREP Co-Investment (c)	17%	17%	16%	15%	24%	22%	13%	13%	18%	16%	18%	16%
BPP (d)	4%	4%	2%	2%	6%	5%	-	-	n/a	n/a	11%	9%
BREIT (e)	n/a	7%	n/a	4%	n/a	12%	n/a	-4%	n/a	n/a	n/a	11%
BREDS High-Yield (f)	4%	3%	5%	4%	9%	7%	-7%	-7%	15%	11%	15%	10%
BREDS Liquid (g)	3%	2%	3%	3%	9%	8%	-19%	-19%	n/a	n/a	9%	7%
BXMT (h)	n/a	5%	n/a	33%	n/a	20%	n/a	-32%	n/a	n/a	n/a	11%

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

- n/m Not meaningful generally due to the limited time since initial investment.
- 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) 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.
- (d) BPP represents the Core+ real estate funds which invest with a more modest risk profile and lower leverage.

- (e) Reflects a per share blended return for each respective period, assuming BREIT had a single share class, reinvestment of all dividends received during the period, and no upfront selling commission, net of all fees and expenses incurred by BREIT. These returns are not representative of the returns experienced by any particular investor or share class. Inception to date returns are presented on an annualized basis and are from January 1, 2017.
- (f) BREDS High-Yield represents the flagship real estate debt drawdown funds and excludes the BREDS High-Grade drawdown fund, which has a different risk-return profile. Inception to date returns are from July 1, 2009.
- (g) BREDS Liquid represents BREDS funds that invest in liquid real estate debt securities, except funds in liquidation and insurance mandates with specific investment objectives. The returns presented represent summarized asset-weighted gross and net rates of return from August 1, 2008. Inception to Date returns are presented on an annualized basis.
- (h) Reflects annualized return of a shareholder invested in BXMT as of the beginning of each period presented, assuming reinvestment of all dividends received during the period, and net of all fees and expenses incurred by BXMT. Return incorporates the closing NYSE stock price as of each period end. Inception to date returns are from May 22, 2013.

Funds With Closed Investment Periods

The Real Estate segment has ten funds with closed investment periods as of June 30, 2021: BREP VIII, BREP VII, BREP VI, BREP V, BREP IV, BREP Europe V, BREP Europe IV, BREP Europe III, BREP Asia I and BREDS III. As of June 30, 2021, BREP VII, BREP VI, BREP V, BREP IV, BREP Europe IV and BREP Europe III were above their carried interest thresholds and would have been above their carried interest thresholds even if all remaining investments were valued at zero. BREP VIII, BREP Europe V, BREP Asia I and BREDS III were above their carried interest thresholds.

Private Equity

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

	Three Months Ended June 30,		2021 vs. 2020		Six Months Ended June 30,		2021 vs. 2020	
	2021	2020	\$	%	2021	2020	\$	%
(Dollars in Thousands)								
Management and Advisory Fees, Net								
Base Management Fees	\$ 364,606	\$ 268,070	\$ 96,536	36%	\$ 742,266	\$ 522,044	\$ 220,222	42%
Transaction, Advisory and Other Fees, Net	32,272	9,521	22,751	239%	74,979	30,934	44,045	142%
Management Fee Offsets	(3,601)	(8,031)	4,430	-55%	(17,520)	(17,246)	(274)	2%
Total Management and Advisory Fees, Net	393,277	269,560	123,717	46%	799,725	535,732	263,993	49%
Fee Related Compensation	(136,767)	(92,825)	(43,942)	47%	(277,364)	(203,193)	(74,171)	37%
Other Operating Expenses	(61,041)	(44,827)	(16,214)	36%	(112,096)	(85,828)	(26,268)	31%
Fee Related Earnings	195,469	131,908	63,561	48%	410,265	246,711	163,554	66%
Realized Performance Revenues	383,010	64,513	318,497	494%	638,855	176,589	462,266	262%
Realized Performance Compensation	(159,375)	(25,016)	(134,359)	537%	(270,584)	(79,659)	(190,925)	240%
Realized Principal Investment Income	27,796	17,416	10,380	60%	143,199	27,763	115,436	416%
Net Realizations	251,431	56,913	194,518	342%	511,470	124,693	386,777	310%
Segment Distributable Earnings	\$ 446,900	\$ 188,821	\$ 258,079	137%	\$ 921,735	\$ 371,404	\$ 550,331	148%

n/m Not meaningful.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Segment Distributable Earnings were \$446.9 million for the three months ended June 30, 2021, an increase of \$258.1 million, or 137%, compared to \$188.8 million for the three months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$63.6 million in Fee Related Earnings and \$194.5 million in Net Realizations.

Segment Distributable Earnings in our Private Equity segment in the second quarter of 2021 were higher compared to the second quarter of 2020. This was primarily driven by an increase in Net Realizations, as well as an increase in Fee Related Earnings. Continued favorable market conditions have contributed to significant realizations, particularly through the public markets. Broad-based economic recovery and activity in the U.S. have continued to accelerate following meaningful progress on COVID-19 vaccine distribution, the easing of shutdowns and other restrictions and support from previously implemented fiscal and monetary stimulus. We are also seeing early signs of recovery in certain investments in our corporate private equity portfolio, such as in location-based businesses, that have been materially impacted by the COVID-19 pandemic. Nevertheless, both in the U.S. and abroad, there is continued uncertainty regarding the trajectory of a continuing recovery, particularly given the potential for an increase in COVID-19 infection levels globally as a result of new variants. The global economic recovery could remain uneven with dispersion across sectors and regions. Inflation in the U.S. is showing signs of acceleration, although this rise may be a temporary result of lingering COVID-19-related supply chain issues. Higher inflation would potentially negatively impact Segment Distributable Earnings in our Private Equity segment, particularly if occurring against a backdrop of slow economic growth. If increasing wages and other inputs increasingly pressure profit margins, the valuations of certain investments in the Private Equity segment would potentially be negatively impacted.

In energy, the macroeconomic backdrop has continued to meaningfully improve, but weakened long-term market fundamentals nonetheless continue to pose challenges, particularly in upstream energy. An increased focus on energy sustainability due to concerns about climate change and the impact of carbon emissions, including potential alternatives to fossil fuels, has also exacerbated the impact of such weakened market fundamentals. The persistence of these weakened market fundamentals would further negatively impact the performance of certain investments in our energy and corporate private equity funds.

In addition, the Presidential administration and the U.S. Congress may introduce new or enforce existing policies and regulations that may create uncertainty for our business and investment strategies and could have an adverse impact on us and our portfolio companies. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and has adversely impacted, and may continue to adversely impact, our performance and results of operations,” “— Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition” and “— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds’ investments, which would adversely affect our operating results and cash flows” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Fee Related Earnings

Fee Related Earnings were \$195.5 million for the three months ended June 30, 2021, an increase of \$63.6 million, or 48%, compared to \$131.9 million for the three months ended June 30, 2020. The increase in Fee Related Earnings was attributable to an increase of \$123.7 million in Management and Advisory Fees, Net, partially offset by increases of \$43.9 million in Fee Related Compensation and \$16.2 million in Other Operating Expenses.

Management and Advisory Fees, Net were \$393.3 million for the three months ended June 30, 2021, an increase of \$123.7 million, compared to \$269.6 million for the three months ended June 30, 2020, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$96.5 million primarily due to BCP VIII, BEP III, BXLS V and BXG. BCP VIII commenced its investment period in the first quarter of 2020 and ended its fee holiday in the second quarter of 2020. BEP III and BXLS V commenced their investment period in the first quarter of 2020 and ended their fee holidays in the third quarter of 2020. BXG commenced its investment period in the third quarter of 2020 and ended its fee holiday in the first quarter of 2021.

Fee Related Compensation was \$136.8 million for the three months ended June 30, 2021, an increase of \$43.9 million, compared to \$92.8 million for the three months ended June 30, 2020. The increase was primarily due to an increase in Management and Advisory Fees, Net on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$61.0 million for the three months ended June 30, 2021, an increase of \$16.2 million, compared to \$44.8 million for the three months ended June 30, 2020. The increase was primarily due to occupancy, technology and other expenses to support business growth.

Net Realizations

Net Realizations were \$251.4 million for the three months ended June 30, 2021, an increase of \$194.5 million, or 342%, compared to \$56.9 million for the three months ended June 30, 2020. The increase in Net Realizations was attributable to increases of \$318.5 million in Realized Performance Revenues and \$10.4 million in Realized Principal Investment Income, partially offset by an increase of \$134.4 million in Realized Performance Compensation.

Realized Performance Revenues were \$383.0 million for the three months ended June 30, 2021, an increase of \$318.5 million, compared to \$64.5 million for the three months ended June 30, 2020. The increase was primarily due to higher Realized Performance Revenues in Tactical Opportunities, corporate private equity and BXG.

Realized Principal Investment Income was \$27.8 million for the three months ended June 30, 2021, an increase of \$10.4 million, compared to \$17.4 million for the three months ended June 30, 2020. The increase was primarily due to higher realized performance revenues in Tactical Opportunities, corporate private equity and BXG.

Realized Performance Compensation was \$159.4 million for the three months ended June 30, 2021, an increase of \$134.4 million, compared to \$25.0 million for the three months ended June 30, 2020. The increase was primarily due to the increase in Realized Performance Revenues.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Segment Distributable Earnings were \$921.7 million for the six months ended June 30, 2021, an increase of \$550.3 million, or 148%, compared to \$371.4 million for the six months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$163.6 million in Fee Related Earnings and \$386.8 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings were \$410.3 million for the six months ended June 30, 2021, an increase of \$163.6 million, or 66%, compared to \$246.7 million for the six months ended June 30, 2020. The increase in Fee Related Earnings was attributable to an increase of \$264.0 million in Management and Advisory Fees, Net, partially offset by increases of \$74.2 million in Fee Related Compensation and \$26.3 million in Other Operating Expenses.

Management and Advisory Fees, Net were \$799.7 million for the six months ended June 30, 2021, an increase of \$264.0 million, compared to \$535.7 million for the six months ended June 30, 2020, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$220.2 million primarily due to BCP VIII, BEP III, BXLS V and BXG. BCP VIII commenced its investment period in the first quarter of 2020 and ended its fee holiday in the second quarter of 2020. BEP III and BXLS V commenced their investment period in the first quarter of 2020 and ended their fee holidays in the third quarter of 2020. BXG commenced its investment period in the third quarter of 2020 and ended its fee holiday in the first quarter of 2021.

The annualized Base Management Fee Rate increased from 0.88% at June 30, 2020 to 1.13% at June 30, 2021. The increase was primarily due to the investment period commencement and subsequent fee holiday expirations of BCP VIII, BEP III, BXLS V and BXG as described in the paragraph above.

Fee Related Compensation was \$277.4 million for the six months ended June 30, 2021, an increase of \$74.2 million, compared to \$203.2 million for the six months ended June 30, 2020. The increase was primarily due to an increase in Management and Advisory Fees, Net on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$112.1 million for the six months ended June 30, 2021, an increase of \$26.3 million, compared to \$85.8 million for the six months ended June 30, 2020. The increase was primarily due to occupancy and technology related expenses to support business growth.

Net Realizations

Net Realizations were \$511.5 million for the six months ended June 30, 2021, an increase of \$386.8 million, or 310%, compared to \$124.7 million for the six months ended June 30, 2020. The increase in Net Realizations was attributable to increases of \$462.3 million in Realized Performance Revenues and \$115.4 million in Realized Principal Investment Income, partially offset by an increase of \$190.9 million in Realized Performance Compensation.

Realized Performance Revenues were \$638.9 million for the six months ended June 30, 2021, an increase of \$462.3 million, compared to \$176.6 million for the six months ended June 30, 2020. The increase was primarily due to higher Realized Performance Revenues in Tactical Opportunities, corporate private equity and BXG.

Realized Principal Investment Income was \$143.2 million for the six months ended June 30, 2021, an increase of \$115.4 million, compared to \$27.8 million for the six months ended June 30, 2020. The increase was primarily due to the segment's allocation of the gain recognized in the first quarter of 2021 in connection with the Pátria sale transactions. For additional information, see Note 4. "Investments — Equity Method Investments" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements."

Realized Performance Compensation was \$270.6 million for the six months ended June 30, 2021, an increase of \$190.9 million, compared to \$79.7 million for the six months ended June 30, 2020. The increase was primarily 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 Blackstone and is also not necessarily indicative of the future performance of any particular fund. An investment in Blackstone 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:

Fund (a)	Three Months Ended June 30,				Six Months Ended June 30,				June 30, 2021 Inception to Date			
	2021		2020		2021		2020		Realized		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BCP V	3%	1%	15%	3%	148%	69%	-15%	-7%	10%	8%	10%	8%
BCP VI	4%	4%	27%	22%	15%	13%	-10%	-9%	22%	17%	17%	13%
BCP VII	14%	12%	6%	4%	29%	23%	-7%	-7%	41%	29%	29%	21%
BEP I	13%	10%	47%	34%	53%	42%	-22%	-20%	18%	14%	14%	11%
BEP II	15%	14%	13%	13%	40%	38%	-38%	-38%	-3%	-8%	6%	2%
BEP III	24%	14%	n/m	n/m	59%	40%	n/m	n/m	138%	94%	173%	95%
BCP Asia I	60%	52%	4%	3%	88%	75%	3%	1%	209%	97%	90%	65%
BCEP I (b)	11%	10%	4%	4%	29%	27%	-2%	-2%	42%	31%	28%	25%
Tactical Opportunities	8%	6%	12%	9%	27%	21%	-9%	-5%	21%	17%	18%	13%
Tactical Opportunities Co-Investment and Other	7%	6%	9%	9%	21%	18%	-	-	20%	20%	19%	16%
Strategic Partners I-V (c)	11%	10%	1%	1%	18%	15%	3%	3%	n/a	n/a	16%	13%
Strategic Partners VI (c)	16%	15%	-	-	27%	24%	-1%	-2%	n/a	n/a	19%	15%
Strategic Partners VII (c)	20%	19%	3%	3%	34%	31%	3%	2%	n/a	n/a	24%	20%
Strategic Partners Real Assets II (c)	5%	4%	4%	4%	7%	6%	8%	7%	n/a	n/a	16%	12%
Strategic Partners VIII (c)	24%	22%	8%	5%	49%	41%	12%	9%	n/a	n/a	58%	44%
Strategic Partners RE, SMA and Other (c)	7%	7%	5%	5%	14%	14%	7%	7%	n/a	n/a	17%	15%
BIP	13%	12%	3%	3%	39%	32%	-9%	-10%	n/a	n/a	28%	20%
Clarus IV	5%	4%	-	-	18%	14%	2%	1%	-19%	-27%	28%	16%

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

- n/m Not meaningful generally due to the limited time since initial investment.
- n/a Not applicable.
- SMA Separately managed account.
- (a) Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Revenues.
- (b) BCEP is a core private equity strategy which invests with a more modest risk profile and longer hold period than traditional private equity.
- (c) Realizations are treated as return of capital until fully recovered and therefore inception to date realized returns are not applicable. If information is not available on a timely basis, returns are calculated from results that are reported on a three month lag and therefore do not include the impact of economic and market activities in the quarter in which such events occur.

Funds With Closed Investment Periods

The corporate private equity funds within the Private Equity segment have eight funds with closed investment periods: BCP IV, BCP V, BCP VI, BCP VII, BCOM, BEP I, BEP II and BCEP I. As of June 30, 2021, 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. BCP V, BCP VI, BCP VII, BCOM, BEP I and BCEP I were above their respective carried interest thresholds. 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 II was below its carried interest threshold.

Hedge Fund Solutions

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

	Three Months Ended June 30,		2021 vs. 2020		Six Months Ended June 30,		2021 vs. 2020	
	2021	2020	\$	%	2021	2020	\$	%
(Dollars in Thousands)								
Management Fees, Net								
Base Management Fees	\$ 155,244	\$ 145,455	\$ 9,789	7%	\$ 305,777	\$ 285,111	\$ 20,666	7%
Transaction and Other Fees, Net	1,558	859	699	81%	5,904	1,617	4,287	265%
Management Fee Offsets	(203)	4	(207)	n/m	(261)	(38)	(223)	587%
Total Management Fees, Net	156,599	146,318	10,281	7%	311,420	286,690	24,730	9%
Fee Related Compensation	(38,638)	(40,353)	1,715	-4%	(77,488)	(86,544)	9,056	-10%
Other Operating Expenses	(21,873)	(17,807)	(4,066)	23%	(41,045)	(36,474)	(4,571)	13%
Fee Related Earnings	96,088	88,158	7,930	9%	192,887	163,672	29,215	18%
Realized Performance Revenues	17,056	1,482	15,574	n/m	48,629	3,249	45,380	n/m
Realized Performance Compensation	(5,626)	—	(5,626)	n/m	(12,534)	(945)	(11,589)	n/m
Realized Principal Investment Income (Loss)	2,125	(331)	2,456	n/m	37,675	(940)	38,615	n/m
Net Realizations	13,555	1,151	12,404	n/m	73,770	1,364	72,406	n/m
Segment Distributable Earnings	\$ 109,643	\$ 89,309	\$ 20,334	23%	\$ 266,657	\$ 165,036	\$ 101,621	62%

n/m Not meaningful.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Segment Distributable Earnings were \$109.6 million for the three months ended June 30, 2021, an increase of \$20.3 million, or 23%, compared to \$89.3 million for the three months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$7.9 million in Fee Related Earnings and \$12.4 million in Net Realizations.

Segment Distributable Earnings in our Hedge Fund Solutions segment in the second quarter of 2021 were higher compared to the second quarter of 2020. This increase was primarily driven by an increase in Net Realizations, as well as an increase in Fee Related Earnings. Continued market rebounds across many asset classes have contributed to recovery from the losses in composite returns experienced in the first half of 2020. Broad-based economic recovery and activity have continued to accelerate following meaningful progress on COVID-19 vaccine distribution, the easing of shutdowns and other restrictions and support from previously implemented fiscal and monetary stimulus. The segment has also benefited from favorable liquidity conditions in recent quarters. Nevertheless, both in the U.S. and abroad, there is continued uncertainty regarding the trajectory of a continuing recovery, particularly given the potential for an increase in COVID-19 infection levels globally as a result of new variants. The global economic recovery could remain uneven with meaningful dispersion across sectors and regions. Another significant market downturn could pose material risks to our Hedge Fund Solutions segment, including by potentially causing investors to seek liquidity in the form of redemptions from our funds and adversely impacting management fees.

In an equity market environment that generally has been characterized by relatively low volatility, investors may choose to reallocate capital away from traditional hedge fund strategies. Our Hedge Fund Solutions 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. In that regard, the segment's revenues depend in part on our ability to successfully grow such existing diverse business lines and strategies, and identify and scale new ones to meet evolving investor appetites. Over time we expect 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.

In addition, the Presidential administration and the U.S. Congress may introduce new or enforce existing policies and regulations that may create uncertainty for our business and investment strategies and may adversely affect the profitability of certain of our investments. See "Part I. Item 1A. Risk Factors — Risks Related to Our Business — The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and has adversely impacted, and may continue to adversely impact, our performance and results of operations," "— Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition" and "— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds' investments, which would adversely affect our operating results and cash flows" in our Annual Report on Form 10-K for the year ended December 31, 2020.

Fee Related Earnings

Fee Related Earnings were \$96.1 million for the three months ended June 30, 2021, an increase of \$7.9 million, compared to \$88.2 million for the three months ended June 30, 2020. The increase in Fee Related Earnings was primarily attributable to an increase of \$10.3 million in Management Fees, Net, partially offset by an increase of \$4.1 million in Other Operating Expenses.

Management Fees, Net were \$156.6 million for the three months ended June 30, 2021, an increase of \$10.3 million, compared to \$146.3 million for the three months ended June 30, 2020, primarily due to an increase in Base Management Fees. Base Management Fees increased \$9.8 million primarily driven by Fee-Earning Assets Under Management growth in our individual investor and specialized solutions platform.

Other Operating Expenses were \$21.9 million for the three months ended June 30, 2021, an increase of \$4.1 million, compared to \$17.8 million for the three months ended June 30, 2020. The increase was primarily due to professional fees as well as technology related expenses to support business growth.

Net Realizations

Net Realizations were \$13.6 million for the three months ended June 30, 2021, an increase of \$12.4 million, compared to \$1.2 million for the three months ended June 30, 2020. The increase in Net Realizations was primarily attributable to an increase of \$15.6 million in Realized Performance Revenues, partially offset by an increase of \$5.6 million in Realized Performance Compensation.

Realized Performance Revenues were \$17.1 million for the three months ended June 30, 2021, an increase of \$15.6 million, compared to \$1.5 million for the three months ended June 30, 2020. The increase was primarily driven by our customized solutions products having a lower loss carryforward balance entering the three months ended June 30, 2021 compared to the three months ended June 30, 2020 and realizations in commingled products.

Realized Performance Compensation increased \$5.6 million from zero for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase was primarily due to the increase in Realized Performance Revenues.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Segment Distributable Earnings were \$266.7 million for the six months ended June 30, 2021, an increase of \$101.6 million, or 62%, compared to \$165.0 million for the six months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$29.2 million in Fee Related Earnings and \$72.4 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings were \$192.9 million for the six months ended June 30, 2021, an increase of \$29.2 million, compared to \$163.7 million for the six months ended June 30, 2020. The increase in Fee Related Earnings was primarily attributable to an increase of \$24.7 million in Management Fees, Net and a decrease of \$9.1 million in Fee Related Compensation.

Management Fees, Net were \$311.4 million for the six months ended June 30, 2021, an increase of \$24.7 million, compared to \$286.7 million for the six months ended June 30, 2020, primarily due to an increase in Base Management Fees. Base Management Fees increased \$20.7 million primarily driven by Fee-Earning Assets Under Management growth in our individual investor and specialized solutions platform.

Fee Related Compensation was \$77.5 million for the six months ended June 30, 2021, a decrease of \$9.1 million, compared to \$86.5 million for the six months ended June 30, 2020. The decrease was primarily due to changes in compensation accruals.

Net Realizations

Net Realizations were \$73.8 million for the six months ended June 30, 2021, an increase of \$72.4 million, compared to \$1.4 million for the six months ended June 30, 2020. The increase in Net Realizations was attributable to increases of \$45.4 million in Realized Performance Revenues and \$38.6 million in Realized Principal Investment Income (Loss), partially offset by an increase of \$11.6 million in Realized Performance Compensation.

Realized Performance Revenues were \$48.6 million for the six months ended June 30, 2021, an increase of \$45.4 million, compared to \$3.2 million for the six months ended June 30, 2020. The increase was primarily driven by realizations and higher returns for the six months ended June 30, 2020, principally within customized solutions and commingled products.

Realized Principal Investment Income (Loss) was \$37.7 million for the six months ended June 30, 2021, an increase of \$38.6 million, compared to \$(0.9) million for the six months ended June 30, 2020. The increase was primarily due to the segment's allocation of the gain recognized in the first quarter of 2021 in connection with the Pátria sale transactions. For additional information, see Note 4. "Investments — Equity Method Investments" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements."

Realized Performance Compensation was \$12.5 million for the six months ended June 30, 2021, an increase of \$11.6 million, compared to \$0.9 million for the six months ended June 30, 2020. The increase was primarily due to the increase in Realized Performance Revenues.

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 Blackstone and is also not necessarily indicative of the future results of any particular fund or composite. An investment in Blackstone 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:

Composite	Three Months Ended				Six Months Ended				Average Annual Returns (a)							
	June 30,				June 30,				Periods Ended							
	2021		2020		2021		2020		One Year		Three Year		Five Year		Historical	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
BAAM Principal Solutions Composite (b)	3%	3%	6%	6%	6%	5%	-3%	-3%	15%	14%	6%	5%	7%	6%	7%	6%

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

- (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 and does not include BAAM's individual investor solutions (liquid alternatives), strategic capital (seeding and GP minority stakes), strategic opportunities (co-invests), and advisory (non-discretionary) platforms, except for investments by BPS funds directly into those platforms. BAAM-managed funds in liquidation and, in the case of net returns, non-fee-paying assets are also excluded. The funds/accounts that comprise the BPS Composite are not managed within a single fund or account and are managed with different mandates. There is no guarantee that BAAM would have made the same mix of investments in a stand-alone fund/account. The BPS Composite is not an investible product and, as such, the performance of the BPS Composite does not represent the performance of an actual fund or account. The historical return is from January 1, 2000.

Operating Metrics

The following table presents information regarding our Invested Performance Eligible Assets Under Management:

	Invested Performance		Estimated % Above	
	Eligible Assets Under		High Water Mark/	
	Management		Benchmark (a)	
	As of June 30,		As of June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
Hedge Fund Solutions Managed Funds (b)	\$ 44,660,713	\$ 43,933,866	93%	21%

- (a) Estimated % Above High Water Mark/Benchmark represents the percentage of Invested Performance Eligible Assets Under Management that as of the dates presented would earn performance 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 June 30, 2021, the incremental appreciation needed for the 7% of Invested Performance Eligible Assets Under Management below their respective High Water Marks/Benchmarks to reach their respective High Water Marks/Benchmarks was \$261.5 million, a decrease of \$(2.2) billion, compared to \$2.5 billion at June 30, 2020. Of the Invested Performance Eligible Assets Under Management below their respective High Water Marks/Benchmarks as of June 30, 2021, 55% were within 5% of reaching their respective High Water Mark.

Credit & Insurance

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

	Three Months Ended June 30,		2021 vs. 2020		Six Months Ended June 30,		2021 vs. 2020	
	2021	2020	\$	%	2021	2020	\$	%
(Dollars in Thousands)								
Management Fees, Net								
Base Management Fees	\$ 166,537	\$ 145,565	\$ 20,972	14%	\$ 328,448	\$ 290,893	\$ 37,555	13%
Transaction and Other Fees, Net	6,215	5,873	342	6%	11,783	11,343	440	4%
Management Fee Offsets	(1,137)	(2,890)	1,753	-61%	(3,262)	(5,786)	2,524	-44%
Total Management Fees, Net	171,615	148,548	23,067	16%	336,969	296,450	40,519	14%
Fee Related Performance Revenues	15,113	8,528	6,585	77%	28,889	16,443	12,446	76%
Fee Related Compensation	(78,023)	(57,086)	(20,937)	37%	(155,194)	(126,495)	(28,699)	23%
Other Operating Expenses	(44,504)	(36,424)	(8,080)	22%	(91,339)	(75,165)	(16,174)	22%
Fee Related Earnings	64,201	63,566	635	1%	119,325	111,233	8,092	7%
Realized Performance Revenues	41,819	1,973	39,846	n/m	67,086	11,643	55,443	476%
Realized Performance Compensation	(18,342)	(224)	(18,118)	n/m	(28,387)	(2,546)	(25,841)	n/m
Realized Principal Investment Income	5,082	280	4,802	n/m	51,465	3,532	47,933	n/m
Net Realizations	28,559	2,029	26,530	n/m	90,164	12,629	77,535	614%
Segment Distributable Earnings	\$ 92,760	\$ 65,595	\$ 27,165	41%	\$ 209,489	\$ 123,862	\$ 85,627	69%

n/m Not meaningful.

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Segment Distributable Earnings were \$92.8 million for the three months ended June 30, 2021, an increase of \$27.2 million, or 41%, compared to \$65.6 million for the three months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$0.6 million in Fee Related Earnings and \$26.5 million in Net Realizations.

Segment Distributable Earnings in our Credit & Insurance segment in the second quarter of 2021 were higher compared to the second quarter of 2020, driven by an increase in Net Realizations, as well as an increase in Fee Related Earnings. Favorable market conditions, including continued market rebounds across many asset classes and tightening spreads, as well as solid underlying company performance, have positively impacted returns in our Credit segment. We have also experienced strong fundraising momentum in our perpetual capital strategies, which represent an increasing percentage of our Total Assets Under Management. Broad-based economic recovery and activity in the U.S. have accelerated following meaningful progress on COVID-19 vaccine distribution, the easing of shutdowns and other restrictions and support from previously implemented fiscal and monetary stimulus. The segment has also benefited from favorable liquidity conditions in recent quarters. Nevertheless, both in the U.S. and abroad, there is continued uncertainty regarding the trajectory of a continuing recovery, particularly given the potential for an increase in COVID-19 infection levels globally as a result of new variants. The economic recovery could remain uneven with meaningful dispersion across sectors and regions. Another significant market downturn could create additional pressure for borrowers with respect to their ability to meet their debt payment obligations or increase their focus on deleveraging. Our Credit & Insurance funds have, however, continued to actively manage their portfolios in order to limit downside and protect capital.

In energy, the macroeconomic backdrop has continued to meaningfully improve, but weakened long-term market fundamentals continue to pose challenges, particularly in upstream energy. An increased focus on energy sustainability due to concerns about climate change and the impact of carbon emissions, including potential alternatives to fossil fuels, has also exacerbated the impact of such weakened market fundamentals. The persistence of these weakened market fundamentals in the energy sector or in the credit markets more broadly would further negatively impact the performance of certain investments in our credit funds.

In addition, the Presidential administration and the U.S. Congress may introduce new or enforce existing policies and regulations that may create uncertainty for our business and investment strategies and may adversely affect the profitability of certain of our investments. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and has adversely impacted, and may continue to adversely impact, our performance and results of operations,” “— Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition” and “— A period of economic slowdown, which may be across one or more industries, sectors or geographies, has contributed and could in the future contribute to adverse operating performance for certain of our funds’ investments, which would adversely affect our operating results and cash flows” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Fee Related Earnings

Fee Related Earnings were \$64.2 million for the three months ended June 30, 2021, an increase of \$0.6 million, compared to \$63.6 million for the three months ended June 30, 2020. The increase in Fee Related Earnings was attributable to increases of \$23.1 million in Management Fees, Net and \$6.6 million in Fee Related Performance Revenues, partially offset by increases of \$20.9 million in Fee Related Compensation and \$8.1 million in Other Operating Expenses.

Management Fees, Net were \$171.6 million for the three months ended June 30, 2021, an increase of \$23.1 million, compared to \$148.5 million for the three months ended June 30, 2020, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$21.0 million primarily due to increased capital deployed in our most recently launched credit funds and vehicles, including BXSL, and inflows in our liquid credit business.

Fee Related Performance Revenues were \$15.1 million for the three months ended June 30, 2021, an increase of \$6.6 million, compared to \$8.5 million for the three months ended June 30, 2020. The increase was primarily due to performance and growth in assets in BXSL.

Fee Related Compensation was \$78.0 million for the three months ended June 30, 2021, an increase of \$20.9 million, compared to \$57.1 million for the three months ended June 30, 2020. The increase was primarily due to increases in Management Fees, Net and Fee Related Performance Revenues, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$44.5 million for the three months ended June 30, 2021, an increase of \$8.1 million, compared to \$36.4 million for the three months ended June 30, 2020. The increase was primarily due to occupancy and technology related expenses to support business growth.

Net Realizations

Net Realizations were \$28.6 million for the three months ended June 30, 2021, an increase of \$26.5 million, compared to \$2.0 million for the three months ended June 30, 2020. The increase in Net Realizations was primarily attributable to an increase of \$39.8 million in Realized Performance Revenues, partially offset by an increase of \$18.1 million in Realized Performance Compensation.

Realized Performance Revenues were \$41.8 million for the three months ended June 30, 2021, an increase of \$39.8 million, compared to \$2.0 million for the three months ended June 30, 2020. The increase was primarily attributable to realized performance fees generated by our mezzanine opportunistic funds.

Realized Performance Compensation was \$18.3 million for the three months ended June 30, 2021, an increase of \$18.1 million, compared to \$0.2 million for the three months ended June 30, 2020. The increase was primarily due to the increase in Realized Performance Revenues.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

Segment Distributable Earnings were \$209.5 million for the six months ended June 30, 2021, an increase of \$85.6 million, or 69%, compared to \$123.9 million for the six months ended June 30, 2020. The increase in Segment Distributable Earnings was attributable to increases of \$8.1 million in Fee Related Earnings and \$77.5 million in Net Realizations.

Fee Related Earnings

Fee Related Earnings were \$119.3 million for the six months ended June 30, 2021, an increase of \$8.1 million, compared to \$111.2 million for the six months ended June 30, 2020. The increase in Fee Related Earnings was attributable to increases of \$40.5 million in Management Fees, Net and \$12.4 million in Fee Related Performance Revenues, partially offset by increases of \$28.7 million in Fee Related Compensation and \$16.2 million in Other Operating Expenses.

Management Fees, Net were \$337.0 million for the six months ended June 30, 2021, an increase of \$40.5 million, compared to \$296.5 million for the six months ended June 30, 2020, primarily driven by an increase in Base Management Fees. Base Management Fees increased \$37.6 million primarily due to increased capital deployed in our most recently launched credit funds and vehicles, including BXSL, and inflows in our liquid credit business.

Fee Related Performance Revenues were \$28.9 million for the six months ended June 30, 2021, an increase of \$12.4 million, compared to \$16.4 million for the six months ended June 30, 2020. The increase was primarily due to performance and growth in assets in BXSL.

Fee Related Compensation was \$155.2 million for the six months ended June 30, 2021, an increase of \$28.7 million, compared to \$126.5 million for the six months ended June 30, 2020. The increase was primarily due to increases in Management Fees, Net and Fee Related Performance Revenues, on which a portion of Fee Related Compensation is based.

Other Operating Expenses were \$91.3 million for the six months ended June 30, 2021, an increase of \$16.2 million, compared to \$75.2 million for the three months ended June 30, 2020. The increase was primarily due occupancy and technology related expenses to support business growth.

Net Realizations

Net Realizations were \$90.2 million for the six months ended June 30, 2021, an increase of \$77.5 million, compared to \$12.6 million for the six months ended June 30, 2020. The increase in Net Realizations was attributable to increases of \$55.4 million in Realized Performance Revenues and \$47.9 million in Realized Principal Investment Income, partially offset by an increase of \$25.8 million in Realized Performance Compensation.

Realized Performance Revenues were \$67.1 million for the six months ended June 30, 2021, an increase of \$55.4 million, compared to \$11.6 million for the six months ended June 30, 2020. The increase was primarily attributable to realized performance fees generated by our mezzanine opportunistic funds.

Realized Principal Investment Income was \$51.5 million for the six months ended June 30, 2021, an increase of \$47.9 million, compared to \$3.5 million for the six months ended June 30, 2020. The increase was primarily due to the segment's allocation of the gain recognized in the first quarter of 2021 in connection with the Pátria sale transactions. For additional information, see Note 4. "Investments — Equity Method Investments" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements."

Realized Performance Compensation was \$28.4 million for the six months ended June 30, 2021, an increase of \$25.8 million, compared to \$2.5 million for the six months ended June 30, 2020. The increase was primarily due to the increase in Realized Performance Revenues.

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 Blackstone and is also not necessarily indicative of the future results of any particular fund or composite. An investment in Blackstone 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 for the Private Credit and Liquid Credit composites:

Composite (a)	Three Months Ended June 30,				Six Months Ended June 30,				June 30, 2021 Inception to Date	
	2021		2020		2021		2020		Gross	Net
	Gross	Net	Gross	Net	Gross	Net	Gross	Net		
Private Credit (b)	5%	4%	11%	9%	12%	10%	-14%	-12%	11%	7%
Liquid Credit (b)	2%	2%	10%	10%	3%	3%	-3%	-3%	5%	5%

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

- Net returns are based on the change in carrying value (realized and unrealized) after management fees, expenses and Performance Allocations, net of tax advances.
- Effective January 1, 2021, Credit returns are presented as separate returns for Private Credit and Liquid Credit instead of as a Credit Composite. Private Credit returns include mezzanine lending funds and middle market direct lending funds (including BXSL), stressed/distressed strategies (including stressed/distressed funds and credit alpha strategies) and energy strategies. Liquid Credit returns include CLOs, closed-ended funds, open-ended funds and separately managed accounts. Only fee-earning funds exceeding \$100 million of fair value at the beginning of each respective quarter-end are included. Funds in liquidation, funds investing primarily in investment grade corporate credit and our structured products group are excluded. Blackstone Funds that were contributed to BXC as part of Blackstone's acquisition of BXC in March 2008 and the pre-acquisition date performance for funds and vehicles acquired by BXC subsequent to March 2008, are also excluded. Private Credit and Liquid Credit's inception to date returns are from December 31, 2005. Prior periods have been updated to reflect this presentation.

Operating Metrics

The following table presents information regarding our Invested Performance Eligible Assets Under Management:

	Invested Performance Eligible Assets Under Management		Estimated % Above High Water Mark/ Hurdle (a)	
	As of June 30,		As of June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
Credit & Insurance (b)	\$ 42,210,582	\$ 24,731,100	76%	41%

- Estimated % Above High Water Mark/Hurdle represents the percentage of Invested Performance Eligible Assets Under Management that as of the dates presented would earn performance fees when the applicable Credit & Insurance managed fund has positive investment performance relative to a hurdle, where applicable. Incremental positive performance in the applicable Blackstone Funds may cause additional assets to reach their respective High Water Mark or clear a hurdle return, thereby resulting in an increase in Estimated % Above High Water Mark/Hurdle.

- (b) For the Credit & Insurance managed funds, at June 30, 2021, the incremental appreciation needed for the 24% of Invested Performance Eligible Assets Under Management below their respective High Water Marks/Hurdles to reach their respective High Water Marks/Hurdles was \$2.4 billion, a decrease of \$(2.1) billion, compared to \$4.5 billion at June 30, 2020. Of the Invested Performance Eligible Assets Under Management below their respective High Water Marks/Hurdles as of June 30, 2021, 58% were within 5% of reaching their respective High Water Mark.

Non-GAAP Financial Measures

These non-GAAP financial measures are presented without the consolidation of any Blackstone Funds that are consolidated into the Condensed 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.

The following table is a reconciliation of Net Income Attributable to The Blackstone Group Inc. to Distributable Earnings, Total Segment Distributable Earnings, Fee Related Earnings and Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
Net Income (Loss) Attributable to The Blackstone Group Inc.	\$ 1,309,152	\$ 568,266	\$ 3,057,024	\$ (498,226)
Net Income (Loss) Attributable to Non-Controlling Interests in Blackstone Holdings	1,116,193	495,128	2,351,977	(384,989)
Net Income (Loss) Attributable to Non-Controlling Interests in Consolidated Entities	431,516	294,378	818,366	(350,699)
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	637	(3,426)	1,266	(18,895)
Net Income (Loss)	2,857,498	1,354,346	6,228,633	(1,252,809)
Provision (Benefit) for Taxes	288,250	147,415	287,803	(11,288)
Net Income (Loss) Before Provision (Benefit) for Taxes	3,145,748	1,501,761	6,516,436	(1,264,097)
Transaction-Related Charges (a)	35,533	76,160	63,421	123,154
Amortization of Intangibles (b)	17,044	16,483	34,168	32,966
Impact of Consolidation (c)	(432,153)	(290,952)	(819,632)	369,594
Unrealized Performance Revenues (d)	(2,697,170)	(1,067,923)	(5,161,667)	2,385,523
Unrealized Performance Allocations Compensation (e)	1,150,219	454,813	2,200,188	(942,565)
Unrealized Principal Investment (Income) Loss (f)	(104,658)	(223,316)	(528,592)	393,294
Other Revenues (g)	(27,870)	55,606	(88,143)	(82,545)
Equity-Based Compensation (h)	121,422	89,341	265,694	176,813
Administrative Fee Adjustment (i)	2,551	—	5,259	—
Taxes and Related Payables (j)	(140,673)	(63,990)	(224,895)	(87,043)
Distributable Earnings	1,069,993	547,983	2,262,237	1,105,094
Taxes and Related Payables (j)	140,673	63,990	224,895	87,043
Net Interest Loss (k)	11,201	12,634	24,129	16,575
Total Segment Distributable Earnings	1,221,867	624,607	2,511,261	1,208,712
Realized Performance Revenues (l)	(792,938)	(102,177)	(1,194,261)	(269,410)
Realized Performance Compensation (m)	338,271	37,787	489,195	109,089
Realized Principal Investment Income (n)	(63,132)	(18,938)	(361,288)	(39,228)
Fee Related Earnings	\$ 704,068	\$ 541,279	\$ 1,444,907	\$ 1,009,163
Adjusted EBITDA Reconciliation				
Distributable Earnings	\$ 1,069,993	\$ 547,983	\$ 2,262,237	\$ 1,105,094
Interest Expense (o)	44,132	38,924	88,472	80,464
Taxes and Related Payables (j)	140,673	63,990	224,895	87,043
Depreciation and Amortization (p)	12,581	8,110	24,874	15,622
Adjusted EBITDA	\$ 1,267,379	\$ 659,007	\$ 2,600,478	\$ 1,288,223

(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 was historically accounted for under the equity method. As a result of Pátria's IPO in January 2021, equity method has been discontinued and there will no longer be amortization of intangibles associated with the investment.
- (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 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
GAAP Unrealized Performance Allocations	\$ 2,697,170	\$ 1,067,923	\$ 5,161,667	\$ (2,385,158)
Segment Adjustment	—	—	—	(365)
Unrealized Performance Revenues	<u>\$ 2,697,170</u>	<u>\$ 1,067,923</u>	<u>\$ 5,161,667</u>	<u>\$ (2,385,523)</u>

- (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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
GAAP Unrealized Principal Investment Income (Loss)	\$ 328,835	\$ 331,762	\$ 968,150	\$ (627,603)
Segment Adjustment	(224,177)	(108,446)	(439,558)	234,309
Unrealized Principal Investment Income (Loss)	<u>\$ 104,658</u>	<u>\$ 223,316</u>	<u>\$ 528,592</u>	<u>\$ (393,294)</u>

- (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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
GAAP Other Revenue	\$ 27,896	\$ (55,580)	\$ 88,200	\$ 82,600
Segment Adjustment	(26)	(26)	(57)	(55)
Other Revenues	<u>\$ 27,870</u>	<u>\$ (55,606)</u>	<u>\$ 88,143</u>	<u>\$ 82,545</u>

- (h) This adjustment removes Equity-Based Compensation on a segment basis.
- (i) This adjustment adds an amount equal to an administrative fee collected on a quarterly basis from certain holders of Blackstone Holdings Partnership Units. The administrative fee is accounted for as a capital contribution under GAAP, but is reflected as a reduction of Other Operating Expenses in Blackstone's segment presentation.
- (j) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision (benefit) calculated on Income (Loss) Before Provision (Benefit) 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. See "— Key Financial Measures and Indicators — Distributable Earnings" for the full definition of Taxes and Related Payables.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
Taxes	\$ 127,809	\$ 48,462	\$ 197,418	\$ 64,736
Related Payables	12,864	15,528	27,477	22,307
Taxes and Related Payables	<u>\$ 140,673</u>	<u>\$ 63,990</u>	<u>\$ 224,895</u>	<u>\$ 87,043</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in Thousands)			
GAAP Interest and Dividend Revenue	\$ 31,017	\$ 23,924	\$ 62,429	\$ 59,008
Segment Adjustment	1,914	2,366	1,914	4,881
Interest and Dividend Revenue	<u>32,931</u>	<u>26,290</u>	<u>64,343</u>	<u>63,889</u>
GAAP Interest Expense	44,322	39,276	89,305	80,920
Segment Adjustment	(190)	(352)	(833)	(456)
Interest Expense	<u>44,132</u>	<u>38,924</u>	<u>88,472</u>	<u>80,464</u>
Net Interest Loss	<u>\$ (11,201)</u>	<u>\$ (12,634)</u>	<u>\$ (24,129)</u>	<u>\$ (16,575)</u>

- (l) This adjustment removes the total segment amount of Realized Performance Revenues.
- (m) This adjustment removes the total segment amount of Realized Performance Compensation.
- (n) This adjustment removes the total segment amount of Realized Principal Investment Income.
- (o) This adjustment adds back Interest Expense on a segment basis, excluding interest expense related to the Tax Receivable Agreement.
- (p) This adjustment adds back Depreciation and Amortization on a segment basis.

The following tables are a reconciliation of Total GAAP Investments to Net Accrued Performance Revenues. Total GAAP Investments and Net Accrued Performance Revenues consist of the following:

	June 30,	
	2021	2020
	(Dollars in Thousands)	
Investments of Consolidated Blackstone Funds	\$ 1,871,269	\$ 7,943,531
Equity Method Investments		
Partnership Investments	4,916,674	3,873,346
Accrued Performance Allocations	12,101,142	4,715,510
Corporate Treasury Investments	2,440,325	2,205,843
Other Investments	833,912	235,143
Total GAAP Investments	<u>\$ 22,163,322</u>	<u>\$ 18,973,373</u>
Accrued Performance Allocations - GAAP	\$ 12,101,142	\$ 4,715,510
Impact of Consolidation (a)	1	19
Due from Affiliates - GAAP (b)	59,304	20,642
Less: Net Realized Performance Revenues (c)	(261,760)	(38,592)
Less: Accrued Performance Compensation - GAAP (d)	(5,137,933)	(1,989,219)
Net Accrued Performance Revenues	<u>\$ 6,760,754</u>	<u>\$ 2,708,360</u>

(a) This adjustment adds back investments in consolidated Blackstone Funds which have been eliminated in consolidation.

(b) Represents GAAP accrued performance revenue recorded within Due from Affiliates.

(c) Represents Performance Revenues realized but not yet distributed as of the reporting date and are included in Distributable Earnings in the period they are realized.

(d) Represents GAAP accrued performance compensation associated with Accrued Performance Allocations and is recorded within Accrued Compensation and Benefits and Due to Affiliates.

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 dividends to shareholders.

Fluctuations in our statement of financial condition result primarily from activities of the Blackstone Funds that 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 Condensed Consolidated Financial Statements. The consolidation of these Blackstone Funds has no net effect on Blackstone'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 \$33.3 billion as of June 30, 2021, an increase of \$7.0 billion, or 27%, from December 31, 2020. The increase in Total Assets was principally due to an increase of \$6.9 billion in total assets attributable to consolidated operating partnerships. The increase in total assets attributable to consolidated operating partnerships was primarily due to an increase of \$6.3 billion in Investments. The increase in Investments was primarily due to appreciation in the value of Blackstone's interests in its private equity and real estate investments. The other net variances of the assets attributable to the consolidated operating partnerships were relatively unchanged.

Total Liabilities were \$14.8 billion as of June 30, 2021, an increase of \$3.1 billion, or 26%, from December 31, 2020. The increase in Total Liabilities was principally due to an increase of \$3.1 billion in total liabilities attributable to consolidated operating partnerships. The increase in total liabilities attributable to the consolidated operating partnerships was primarily due to an increase of \$2.4 billion in Accrued Compensation and Benefits. The increase in Accrued Compensation and Benefits was primarily due to an increase in performance compensation. The other net variances of the liabilities attributable to the consolidated operating partnerships were relatively unchanged.

We have multiple sources of liquidity to meet our capital needs as described in "— Sources and Uses of Liquidity." While our liquidity has not been materially impacted by the COVID-19 pandemic to date, we continue to closely monitor developments in the impact of the COVID-19 pandemic and actively evaluate our sources and uses of liquidity in light of such developments.

Sources and Uses of Liquidity

We have multiple sources of liquidity to meet our capital needs, including annual cash flows, accumulated earnings in our businesses, the proceeds from our issuances of senior notes, liquid investments we hold on our balance sheet and access to our \$2.25 billion committed revolving credit facility. As of June 30, 2021, Blackstone had \$2.5 billion in Cash and Cash Equivalents and \$2.4 billion invested in Corporate Treasury Investments, against \$5.7 billion in borrowings from our bond issuances, and no borrowings outstanding under our revolving credit facility.

On August 5, 2021, Blackstone issued \$650 million aggregate principal amount of 1.625% senior notes due August 5, 2028, \$800 million aggregate principal amount of 2.000% senior notes due January 30, 2032 and \$550 million aggregate principal amount of 2.850% senior notes due August 5, 2051. Blackstone intends to use the net proceeds from the sale of the 2028 Notes, 2032 Notes and 2051 Notes for general corporate purposes, which may include funding a portion of the purchase price for the acquisition of a 9.9% equity stake in AIG's L&R business. For additional information see Note 12. "Borrowings" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing and "— Notable Transactions."

In addition to the cash we received from our notes offerings and availability under our 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 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, (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 shares of our common stock and Blackstone Holdings Partnership Units pursuant to our repurchase program, and (h) pay dividends to our shareholders and distributions to 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 June 30, 2021 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 V	\$ 52,545	\$ 2,185	\$ —	\$ —
BREP VI	750,000	36,809	150,000	12,270
BREP VII	300,000	33,652	100,000	11,217
BREP VIII	300,000	48,178	100,000	16,059
BREP IX	300,000	170,534	100,000	56,845
BREP Europe III	100,000	13,231	35,000	4,410
BREP Europe IV	130,000	24,074	43,333	8,025
BREP Europe V	150,000	32,040	43,333	9,256
BREP Europe VI	130,000	87,059	43,333	29,020
BREP Asia I	50,000	10,141	16,667	3,380
BREP Asia II	70,707	30,014	23,569	10,005
BREDS II	50,000	6,227	16,667	2,076
BREDS III	50,000	17,659	16,667	5,886
BREDS IV	50,000	33,366	—	—
BPP	176,306	30,315	—	—
Other (b)	25,599	11,557	—	—
Total Real Estate	2,685,157	587,041	688,569	168,449

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Fund	Blackstone and General Partner		Senior Managing Directors and Certain Other Professionals (a)	
	Original Commitment	Remaining Commitment	Original Commitment	Remaining Commitment
(Dollars in Thousands)				
Private Equity				
BCP V	\$ 629,356	\$ 30,642	\$ —	\$ —
BCP VI	719,718	82,838	250,000	28,774
BCP VII	500,000	43,119	225,000	19,404
BCP VIII	500,000	443,434	225,000	199,545
BEP I	50,000	4,728	—	—
BEP II	80,000	14,477	26,667	4,826
BEP III	80,000	69,421	26,667	23,140
BCEP I	120,000	27,062	18,992	4,283
BCEP II	160,000	160,000	32,640	32,640
BCP Asia I	40,000	22,860	13,333	7,620
BCP Asia II	100,000	100,000	33,333	33,333
Tactical Opportunities	420,577	164,315	140,192	54,772
Strategic Partners	777,368	453,280	120,214	69,072
BIP	168,632	91,577	—	—
BXLS	110,000	81,310	26,667	23,427
BXG	80,500	60,227	26,667	19,942
Other (b)	278,669	31,787	—	—
Total Private Equity	4,814,820	1,881,077	1,165,372	520,778
Hedge Fund Solutions				
Strategic Alliance I	50,000	2,033	—	—
Strategic Alliance II	50,000	1,482	—	—
Strategic Alliance III	22,000	2,031	—	—
Strategic Alliance IV	15,000	15,000	—	—
Strategic Holdings I	154,610	53,330	—	—
Strategic Holdings II	50,000	40,157	—	—
Horizon	100,000	13,225	—	—
Other (b)	18,879	10,095	—	—
Total Hedge Fund Solutions	460,489	137,353	—	—

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Fund	Blackstone and General Partner		Senior Managing Directors and Certain Other Professionals (a)	
	Original Commitment	Remaining Commitment	Original Commitment	Remaining Commitment
(Dollars in Thousands)				
Credit & Insurance				
Mezzanine / Opportunistic II	\$ 120,000	\$ 29,458	\$ 110,101	\$ 27,028
Mezzanine / Opportunistic III	130,783	40,960	31,072	9,731
Mezzanine / Opportunistic IV	122,000	111,853	33,383	30,607
European Senior Debt I	63,000	16,521	56,882	14,917
European Senior Debt II	93,110	64,462	24,284	16,774
Stressed / Distressed I	50,000	4,869	27,666	2,694
Stressed / Distressed II	125,000	51,695	119,878	49,576
Stressed / Distressed III	151,000	113,042	31,989	23,948
Energy I	80,000	37,630	75,566	35,544
Energy II	150,000	129,739	25,565	22,112
Credit Alpha Fund	52,102	19,752	50,675	19,211
Credit Alpha Fund II	25,500	11,336	6,130	2,725
Other (b)	147,368	51,248	20,612	4,073
Total Credit & Insurance	1,309,863	682,565	613,803	258,940
Other				
Treasury (c)	680,638	372,637	—	—
	\$ 9,950,967	\$ 3,660,673	\$ 2,467,744	\$ 948,167

- (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 may be required to fund a de minimis amount of the commitment in certain 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.
- (c) Represents loan origination commitments, revolver commitments and capital market commitments.

As of June 30, 2021, Blackstone Holdings Finance Co. L.L.C. (the “Issuer”), an indirect subsidiary of Blackstone, had issued and outstanding the following senior notes (collectively the “Notes”):

Senior Notes (a)	Aggregate Principal Amount (Dollars/Euros in Thousands)
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
1.500%, Due 4/10/2029	€ 600,000
2.500%, Due 1/10/2030	\$ 500,000
1.600%, Due 3/30/2031	\$ 500,000
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
3.500%, Due 9/10/2049	\$ 400,000
2.800%, Due 9/30/2050	\$ 400,000
	<u>\$ 5,678,700</u>

(a) The Notes are unsecured and unsubordinated obligations of the Issuer and are fully and unconditionally guaranteed, jointly and severally, by The Blackstone Group Inc. 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 its indirect subsidiary Blackstone Holdings Finance Co. L.L.C., has a \$2.25 billion unsecured revolving credit facility (the “Credit Facility”) with Citibank, N.A., as administrative agent with a maturity date of November 24, 2025. 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.

Share Repurchase Program

On May 6, 2021, Blackstone’s board of directors authorized the repurchase of up to \$1.0 billion of common stock and Blackstone Holdings Partnership Units. Under the repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the three and six months ended June 30, 2021, Blackstone repurchased 3.2 million shares of common stock at a total cost of \$289.1 million. As of June 30, 2021, the amount remaining available for repurchases under the repurchase program was \$758.4 million.

Dividends

Our intention is to pay to holders of common stock a quarterly dividend representing approximately 85% of Blackstone Inc.'s share of Distributable Earnings, subject to adjustment by amounts determined by our board of directors to be necessary or appropriate to provide for the conduct of our business, to make appropriate investments in our business and funds, to comply with applicable law, any of our debt instruments or other agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and dividends to shareholders for any ensuing quarter. The dividend amount could also be adjusted upward in any one quarter.

For Blackstone's definition of Distributable Earnings, see "— Key Financial Measures and Indicators."

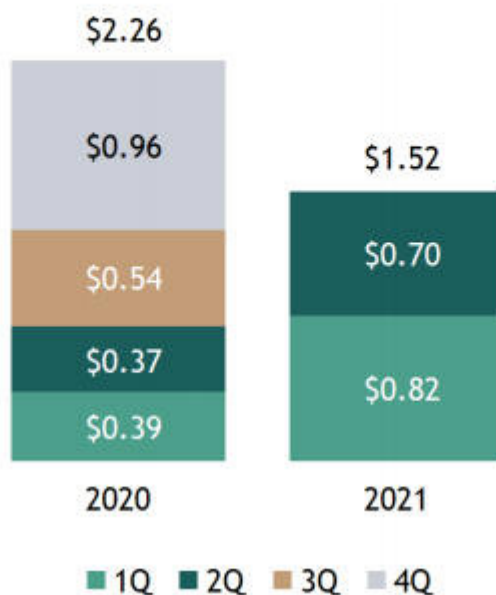
All of the foregoing is subject to the qualification that the declaration and payment of any dividends are at the sole discretion of our board of directors and our board of directors may change our dividend policy at any time, including, without limitation, to reduce such quarterly dividends or even to eliminate such dividends entirely.

Because the publicly traded entity and/or its wholly owned subsidiaries must pay taxes and make payments under the tax receivable agreements, the amounts ultimately paid as dividends by Blackstone to common shareholders in respect of each fiscal year are generally expected to be less, on a per share or 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. Following the Conversion, we expect to pay more corporate income taxes than we would have as a limited partnership, which will increase this difference between the per share dividend and per unit distribution amounts.

Dividends are treated as qualified dividends to the extent of Blackstone's current and accumulated earnings and profits, with any excess dividends treated as a return of capital to the extent of the shareholder's basis.

The following graph shows fiscal quarterly and annual per common shareholder dividends for 2021 and 2020. Dividends are declared and paid in the quarter subsequent to the quarter in which they are earned.

**Common Shareholder
Dividends by Fiscal Year**
(Dollars Per Share of Common Stock)



With respect to the second quarter of fiscal year 2021, we paid to shareholders of our common stock a dividend of \$0.70 per share, aggregating to \$1.52 per share of common stock in respect of the six months ended June 30, 2021. With respect to fiscal year 2020, we paid shareholders aggregate dividends of \$2.26 per share.

Leverage

We may under certain circumstances use leverage opportunistically and over time to create the most efficient capital structure for Blackstone and our shareholders. In addition to the borrowings from our note 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.

The following table presents information regarding these financial instruments in our Condensed Consolidated Statements of Financial Condition:

	Repurchase Agreements	Securities Sold, Not Yet Purchased
	(Dollars in Millions)	
Balance, June 30, 2021	\$ 57.2	\$ 35.8
Balance, December 31, 2020	\$ 76.8	\$ 51.0
Six Months Ended June 30, 2021		
Average Daily Balance	\$ 61.0	\$ 42.3
Maximum Daily Balance	\$ 75.5	\$ 51.0

Contractual Obligations, Commitments and Contingencies

The following table sets forth information relating to our contractual obligations as of June 30, 2021 on a consolidated basis and on a basis deconsolidating the Blackstone Funds:

Contractual Obligations	July 1, 2021 to					Total
	December 31, 2021	2022-2023	2024-2025	Thereafter		
	(Dollars in Thousands)					
Operating Lease Obligations (a)	\$ 59,483	\$ 246,399	\$ 209,251	\$ 293,223	\$	808,356
Purchase Obligations	46,080	55,482	7,106	—		108,668
Blackstone Issued Notes and Revolving Credit Facility (b)	—	400,000	355,740	4,922,960		5,678,700
Interest on Blackstone Issued Notes and Revolving Credit Facility (c)	78,290	325,004	296,504	2,088,579		2,788,377
Blackstone Funds Debt Obligations Payable	99	—	—	—		99
Blackstone Funds Capital Commitments to Investee Funds (d)	292,970	—	—	—		292,970
Due to Certain Non-Controlling Interest Holders in Connection with Tax Receivable Agreements (e)	—	107,144	105,779	738,566		951,489
Unrecognized Tax Benefits, Including Interest and Penalties (f)	1,098	—	—	—		1,098
Blackstone Operating Entities Capital Commitments to Blackstone Funds and Other (g)	3,660,673	—	—	—		3,660,673
Consolidated Contractual Obligations	4,138,693	1,134,029	974,380	8,043,328		14,290,430
Blackstone Funds Debt Obligations Payable	(99)	—	—	—		(99)
Blackstone Funds Capital Commitments to Investee Funds (d)	(292,970)	—	—	—		(292,970)
Blackstone Operating Entities Contractual Obligations	\$ 3,845,624	\$ 1,134,029	\$ 974,380	\$ 8,043,328	\$	13,997,361

- (a) We lease our primary office space and certain office equipment under agreements that expire through 2031. Occupancy lease agreements, in addition to contractual rent payments, generally include additional payments for certain costs incurred by the landlord, such as building expenses, and utilities. To the extent these are fixed or determinable they are included in the table above. The table above includes operating leases that are recognized as Operating Lease Liabilities, short-term leases that are not recorded as Operating Lease Liabilities and leases that have been signed but not yet commenced which are not recorded as Operating Lease Liabilities. The amounts in this table are presented net of contractual sublease commitments.
- (b) Represents the principal amount due on the senior notes we issued. As of June 30, 2021, 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 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.
- (e) Represents obligations by Blackstone'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 Condensed Consolidated Financial Statements and shown in Note 16. "Related Party Transactions" (see "Part I. Item 1. Financial Statements") differs to reflect the net present value of the payments due to certain non-controlling interest holders.
- (f) The total represents gross unrecognized tax benefits of \$0.5 million and interest and penalties of \$0.6 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 \$36.9 million and interest of \$3.9 million, therefore, such amounts are not included in the above contractual obligations table.
- (g) 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 17. "Commitments and Contingencies— Contingencies— Guarantees" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" 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 Condensed Consolidated Financial Statements as of June 30, 2021.

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 nature and amounts of Blackstone's clawback obligations are described in Note 17. "Commitments and Contingencies— Contingencies — Contingent Obligations (Clawback)" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" of this filing.

Critical Accounting Policies

We prepare our Condensed 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 Condensed 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 Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" 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 Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing for detailed information on Blackstone’s 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 Blackstone holds a controlling financial interest in a Blackstone Fund or investment vehicle significantly changes the presentation of our condensed consolidated financial statements. In our Condensed 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 Blackstone. Further, the liabilities of our consolidated VIEs do not have recourse to the general credit of Blackstone. In the Condensed 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 Inc.

The assessment of whether we consolidate a Blackstone Fund or investment vehicle 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 Blackstone 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 Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements.” For an 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 — Fee Structure/Incentive Arrangements” in our Annual Report on Form 10-K for the year ended December 31, 2020. 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 — Blackstone earns base management fees from the investors in 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 1.75% of committed capital or invested capital during the investment period,
- 0.25% to 1.50% of invested capital, committed capital or investment fair value subsequent to the investment period for private equity and real estate funds, and
- 1.00% 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:

- 0.24% to 1.50% of net asset value.

On credit and MLP-focused separately managed accounts:

- 0.20% to 1.50% of net asset value or total assets.

On real estate separately managed accounts:

- 0.65% 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:

- 0.25% to 1.50% of net asset value.

On CLO vehicles:

- 0.40% to 0.50% of the aggregate par amount of collateral assets, including principal cash.

On credit-focused registered and non-registered investment companies:

- 0.25% to 1.25% of total assets or net asset value.

The investment adviser of BXMT receives annual management fees based on 1.50% of BXMT's net proceeds received from equity offerings and accumulated "distributable 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

Blackstone 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 — COVID-19 and Global Economic Market Conditions," "Summary of Significant Accounting Policies — Fair Value of Financial Instruments" and "Summary of Significant Accounting Policies — Investments, at Fair Value" in the "Notes to Condensed Consolidated Financial Statements" in "Part I. Item 1. Financial Statements" 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 investments where little market activity exists management's determination of fair value is based on the best information available in the circumstances, which may incorporate management's own assumptions and involves a significant degree of judgment, and the consideration of a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks.

Blackstone 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. Blackstone 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. A discount to publicly traded price may be appropriate in those cases; the amount of the discount, if taken, 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 generally 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 typically 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. Depending on the facts and circumstances associated with the investment, different primary and secondary methodologies may be used including option value, contingent claims or scenario analysis, yield analysis, projected cash flow through maturity or expiration, probability weighted methods or recent round of financing.

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 condensed 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. Investments held by Blackstone Funds and investment vehicles are valued on at least a quarterly basis by our internal valuation or asset management teams, which are independent from our investment teams.

For investments valued utilizing the income method, and where Blackstone has information rights, we generally have a direct line of communication with each of the Portfolio Company finance teams and collect financial data used to support projections used in a discounted cash flow analysis. The respective business unit's valuation team then analyzes the data received and updates the valuation models reflecting any changes in the underlying 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 and approved by the relevant business unit's valuation sub-committee, which is comprised of key personnel from the business unit, 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. To further corroborate results, each business unit also generally obtains either a positive assurance opinion or a range of value from an independent valuation party, at least annually for internally prepared valuations for investments that have been held by Blackstone Funds and investment vehicles for greater than a year and quarterly for certain investments. Our firmwide valuation committee, chaired by our Chief Financial Officer and comprised of senior members of our businesses and representatives from corporate functions, including legal and finance, reviews the valuation process for investments held by us and our investment vehicles, including the application of appropriate valuation standards on a consistent basis. Each quarter, the valuation process is also reviewed by the audit committee of our board of directors, which is comprised of our employee directors.

The global outbreak of COVID-19 required management to make significant judgments about the ultimate adverse impact of COVID-19 on financial markets and economic conditions, which is uncertain and may change over time. These judgments and estimates were incorporated into the valuation process outlined herein. Management's policies were unchanged and certain critical processes were executed in a remote working environment.

Income Tax

For a description of our accounting policy on taxes and additional information on taxes see Note 2. “Summary of Significant Accounting Policies” in “Part II. Item 8. Financial Statements and Supplementary Data” in our Annual Report on Form 10-K for the year ended December 31, 2020. For additional information on taxes see Note 13. “Income Taxes” in the “Notes to Consolidated Financial Statements” in “— Item 8. Financial Statements and Supplementary Data” of this filing and Note 15. “Income Taxes” in “Part II. Item 8. Financial Statements and Supplementary Data” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Our provision for income taxes is composed of current and deferred taxes. Current income taxes approximate taxes to be paid or refunded for the current period. Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the applicable enacted tax rates and laws that will be in effect when such differences are expected to reverse. The Conversion resulted in a step-up in the tax basis of certain assets that will be recovered as those assets are sold or the basis is amortized.

Additionally, significant judgment is required in estimating the provision for (benefit from) income taxes, current and deferred tax balances (including valuation allowance), accrued interest or penalties and uncertain tax positions. In evaluating these judgments, we consider, among other items, projections of taxable income (including the character of such income), beginning with historic results and incorporating assumptions of the amount of future pretax operating income. These assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that Blackstone uses to manage its business. A portion of the deferred tax assets are not considered to be more likely than not to be realized due to the character of income necessary for recovery. For that portion of the deferred tax assets, a valuation allowance has been recorded.

Revisions in estimates and/or actual costs of a tax assessment may ultimately be materially different from the recorded accruals and unrecognized tax benefits, if any.

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 Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing as follows:

- Note 9. “Variable Interest Entities,” and
- Note 17. “Commitments and Contingencies — 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 Condensed Consolidated Financial Statements” in “Part I. Item 1. Financial Statements” of this filing.

Interbank Offered Rates Transition

Certain jurisdictions are currently reforming or phasing out their benchmark interest rates, most notably the London Interbank Offered Rates (“LIBOR”) across multiple currencies. The timing of the anticipated reforms or phase-outs vary by jurisdiction, with most of the reforms or phase-outs currently scheduled to take effect by the end of calendar year 2021 and certain U.S. dollar LIBOR tenors persisting through June 2023. Blackstone is evaluating the impact of such changes on existing transactions and contractual arrangements and managing transition efforts. See “Part I. Item 1A. Risk Factors — Risks Related to Our Business — 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.” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 3. 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. There were no material changes in our market risks as of June 30, 2021 as compared to December 31, 2020. For additional information, refer to our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. 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, as amended (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.

Part II. Other Information

Item 1. 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 “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020. 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. See "Part I. Item 1. Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 17. Commitments and Contingencies — Contingencies — Litigation."

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and in our subsequently filed periodic reports as such factors may be updated from time to time, all of which are accessible on the Securities and Exchange Commission's website at www.sec.gov.

See "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Environment" in this report for a discussion of the conditions in the financial markets and economic conditions affecting our businesses. This discussion updates, and should be read together with, the risk factors entitled "The global outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economies and has adversely impacted, and may continue to adversely impact, our performance and results of operations" and "Difficult market and geopolitical conditions can adversely affect our business in many ways, each of which could materially reduce our revenue, earnings and cash flow and adversely affect our financial prospects and condition" in our Annual Report on Form 10-K for the year ended December 31, 2020.

The risks described in our Annual Report on Form 10-K and in our subsequently filed periodic reports are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information regarding repurchases of shares of our common stock during the quarter ended June 30, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (Dollars in Thousands) (a)
Apr. 1 - Apr. 30, 2021	267,855	\$ 88.93	267,855	\$ 283,355
May 1 - May 31, 2021	1,785,711	\$ 89.11	1,785,711	\$ 864,543
Jun. 1 - Jun. 30, 2021	1,121,032	\$ 94.65	1,121,032	\$ 758,433
	<u>3,174,598</u>		<u>3,174,598</u>	

(a) On May 6, 2021, Blackstone's board of directors authorized the repurchase of up to \$1.0 billion of common stock and Blackstone Holdings Partnership Units. Under the repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual numbers repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date. See "Part I. Item 1. Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 14. Earnings Per Share and Stockholders' Equity — Share Repurchase Program" and "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Share Repurchase Program" for further information regarding this 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 stock and Blackstone Holdings Partnership Units.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Name Change

Effective August 6, 2021, the Certificate of Incorporation and Bylaws of The Blackstone Group Inc. were amended and restated to change, and reflect the change of, the name of the corporation to Blackstone Inc.

The full text of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are filed as Exhibits 3.1 and 3.2, respectively, to this Quarterly Report on Form 10-Q and are incorporated herein by reference. The holder of our Series II preferred stock consented to the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws on July 20, 2021.

Election of Directors

On August 4, 2021, Blackstone Group Management L.L.C., by a written consent as the sole holder of our Series II preferred stock, elected Stephen A. Schwarzman, Jonathan D. Gray, Hamilton E. James, Joseph P. Baratta, William G. Parrett, Kelly A. Ayotte, James W. Breyer, Reginald J. Brown, Sir John Antony Hood, Rochelle B. Lazarus, Jay O. Light, The Right Honorable Brian Mulroney and Ruth Porat as directors of Blackstone Inc. Each director was serving as a director of Blackstone Inc. at the time of election.

Annual Meeting of Stockholders

We will hold our 2021 annual meeting of stockholders (the "Annual Meeting") at 9:00 a.m., Eastern Time, on September 21, 2021. The Annual Meeting will be held in a virtual meeting format only. Stockholders of record at the close of business on August 20, 2021 (the "Record Date") can attend the meeting at https://event.webcasts.com/starthere.jsp?ei=1475044&tp_key=ef9a4e903d. In order to access the Annual Meeting, please be prepared to confirm your ownership of common stock as of the Record Date. Please note that there will not be any matter for stockholders to vote on at the Annual Meeting, and, as such, no action is expected to be taken at the Annual Meeting. Please note that we are not planning on providing any update on our business during the Annual Meeting.

Item 6. Exhibits

Exhibit Number	Exhibit Description
3.1*	<u>Amended and Restated Certificate of Incorporation of Blackstone Inc.</u>
3.2*	<u>Amended and Restated Bylaws of Blackstone Inc.</u>
4.1	<u>Seventeenth Supplemental Indenture dated as of August 5, 2021 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group Inc., 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 herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on August 5, 2021).</u>

- 4.2 [Form of 1.625% Senior Note due 2028 \(included in Exhibit 4.1 hereto\).](#)
- 4.3 [Eighteenth Supplemental Indenture dated as of August 5, 2021 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group Inc., 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 \(incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed with the SEC on August 5, 2021\).](#)
- 4.4 [Form of 2.000% Senior Note due 2032 \(included in Exhibit 4.3 hereto\).](#)
- 4.5 [Nineteenth Supplemental Indenture dated as of August 5, 2021 among Blackstone Holdings Finance Co. L.L.C., The Blackstone Group Inc., 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 \(incorporated herein by reference to Exhibit 4.6 to the Registrant's Current Report on Form 8-K filed with the SEC on August 5, 2021\).](#)
- 4.6 [Form of 2.850% Senior Note due 2051 \(included in Exhibit 4.5 hereto\).](#)
- 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* Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104. Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

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.

Signatures

Pursuant to the requirements 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: August 6, 2021

Blackstone Inc.

/s/ Michael S. Chae

Name: Michael S. Chae

Title: Chief Financial Officer
(Principal Financial Officer and
Authorized Signatory)

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
BLACKSTONE INC.**

ARTICLE I

NAME

The name of the Corporation is Blackstone Inc. (the “Corporation”).

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the Corporation’s registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of the registered agent at such address is The Corporation Trust Company.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “DGCL”).

ARTICLE IV

AUTHORIZED STOCK

Section 4.01 Capitalization. (a) The total number of shares of all classes of stock that the Corporation shall have authority to issue is 100,000,000,000 which shall be divided into two classes as follows:

- (i) 90,000,000,000 shares of common stock, \$0.00001 par value per share (“Common Stock”); and
- (ii) 10,000,000,000 shares of preferred stock, \$0.00001 par value per share (“Preferred Stock”), of which (x) 999,999,000 shares are designated as “Series I Preferred Stock” (the “Series I Preferred Stock”), (y) 1,000 shares are designated as “Series II Preferred Stock” (the “Series II Preferred Stock”) and (z) the remaining 9,000,000,000 shares may be designated from time to time in accordance with this ARTICLE IV.

(b) The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) solely with the approval of the Series II Preferred Stockholder, irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no other vote of the holders of the Common Stock, the Series I Preferred Stock or any other series of Preferred Stock, voting together or separately as a class, shall be required therefor, unless a vote of the holders of any such class or classes or series thereof is expressly required pursuant to this Certificate of Incorporation.

Section 4.02 Preferred Stock. The Board of Directors is hereby expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix, without further stockholder approval (except as may be required by any certificate of designation relating to any series of Preferred Stock), the designation of such series, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, of such series of Preferred Stock and the number of shares of such series, which number the Board of Directors may, except where otherwise provided in the certificate of designation of such series, increase (but not above the total number of shares of Preferred Stock then authorized and available for issuance and not committed for other issuance) or decrease (but not below the number of shares of such series then outstanding). The powers, preferences and relative, participating, optional and other special rights of, and the qualifications, limitations or restrictions thereof, of each series of Preferred Stock, if any, may differ from those of any and all other series at any time Outstanding.

Section 4.03 Splits and Combinations of Stock.

(a) Subject to Section 4.03(c) and any certificate of designation relating to any series of Preferred Stock, the Corporation may make a pro rata distribution of shares of stock of the Corporation to all Record Holders or may effect a subdivision or combination of stock of the Corporation so long as, after any such event, each stockholder shall have the same percentage of each class or series of shares of stock of the Corporation as before such event, and any amounts calculated on a per share basis or stated as a number of shares of stock are proportionately adjusted.

(b) Whenever such a distribution, subdivision or combination of shares of stock of the Corporation or options, rights, warrants or appreciation rights relating to stock of the Corporation is declared, the Board of Directors shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice thereof at least 20 days prior to such Record Date to each Record Holder as of a date not less than 10 days prior to the date of such notice.

(c) The Corporation shall not be required to issue fractional shares upon any distribution, subdivision or combination of shares of stock of the Corporation. If the Board of Directors determines that no fractional shares shall be issued in connection with any such distribution, subdivision or combination, the fractional shares resulting therefrom shall be treated in accordance with Section 155 of the DGCL.

ARTICLE V

TERMS OF COMMON STOCK, SERIES I PREFERRED STOCK, AND SERIES II PREFERRED STOCK

Section 5.01 Voting.

(a) Except as required by the DGCL or as expressly provided in this Certificate of Incorporation, the exclusive voting power for all purposes relating to holders of capital stock of the Company shall be vested in the Series II Preferred Stockholder. The Series II Preferred Stockholder shall have one vote for each share of Series II Preferred Stock that is Outstanding in its name on the books of the Corporation on all matters on which the Series II Preferred Stockholder is entitled to vote.

(b) Each holder of Common Stock, as such, shall not have any voting rights or powers, either general or special (including for purposes of the rules of any securities exchange on which the Common Stock is listed for trading), except as required by the DGCL or as expressly provided in this Section 5.01, Section 16.01(c) or in Articles VII, VIII, X and XI. Each Record Holder of Common Stock shall have one vote for each share of Common Stock that is Outstanding in his, her or its name on the books of the Corporation on all matters on which holders of Common Stock are entitled to vote.

(c) Each holder of Series I Preferred Stock, as such, shall not have any voting rights or powers, either general or special (including for purposes of the rules of any securities exchange on which the Series I Preferred Stock is listed for trading), except as required by the DGCL or as expressly provided in this Section 5.01, Section 16.01(c) or in Articles VII, VIII, X and XI. Notwithstanding any other provision of this Certificate of Incorporation or the Bylaws, or any applicable law, rule or regulation, but subject to this Section 5.01(c) with respect to the voting matters addressed below and except as otherwise required by the DGCL, the holders of Series I Preferred Stock shall be entitled to receive notice of, be included in any requisite quorum for and participate in any and all approvals, votes or other actions of the stockholders of the Corporation on an equivalent basis as, and treating such Persons for all purposes as if they are, holders of Common Stock, including any and all notices, quorums, approvals, votes and other actions that may be taken pursuant to the requirements of the Certificate of Incorporation or the Bylaws, or any other applicable law, rule or regulation.

Except as otherwise required by the DGCL, the holders of Series I Preferred Stock shall vote together with the holders of Common Stock as a single class and, to the extent that the holders of Common Stock shall vote together with the holders of any other class, classes or series of stock of the Corporation, the holders of Series I Preferred Stock shall also vote together with the holders of such other class, classes or series of stock on an equivalent basis as the holders of the Common Stock. Notwithstanding the foregoing provisions of this Section 5.01(c), but subject to the following sentence, on each matter submitted to a vote of the holders of Series

I Preferred Stock, the holders of Series I Preferred Stock, as such, collectively shall be entitled to a number of votes that is equal to the aggregate number of Blackstone Holdings Partnership Units outstanding (excluding Blackstone Holdings Partnership Units held by the Corporation or its Subsidiaries) as of the relevant Record Date. Prior to the Blackstone Partners Cessation Date, Blackstone Partners, as the sole holder of shares of Common Stock immediately following the effectiveness of this Amended and Restated Certificate of Incorporation, shall be entitled to all of the votes to which the holders of Series I Preferred Stock, as such, collectively are then entitled. From and after the Blackstone Partners Cessation Date, each holder of Series I Preferred Stock (other than the Corporation and its Subsidiaries), as such, shall be entitled, without regard to the number of shares of Series I Preferred Stock (or fraction thereof) held by such holder, to a number of votes that is equal to the aggregate number of Blackstone Holdings Partnership Units held of record by such holder as of the relevant Record Date. The number of votes to which the holders of Series I Preferred Stock shall be entitled shall be adjusted accordingly if (i) a stockholder of the Corporation holding Common Stock, as such, shall become entitled to a number of votes other than one for each share of Common Stock held and/or (ii) under the terms of the Exchange Agreement the holders of Blackstone Holdings Partnership Units party thereto shall become entitled to exchange each such unit for a number of shares of Common Stock other than one. Notwithstanding anything to the contrary contained in this Certificate of Incorporation, and in addition to any other vote required by the DGCL or this Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the voting power of the Series I Preferred Stock (excluding shares of Series I Preferred Stock held by the Corporation and its Subsidiaries), voting separately as a class, shall be required to alter, amend or repeal this Section 5.01(c) or to adopt any provision inconsistent therewith.

Section 5.02 Dividends. Subject to applicable law and the rights, if any, of the holders of any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the payment of dividends, dividends may be declared and paid ratably on the Common Stock out of the assets of the Corporation that are legally available for this purpose at such times and in such amounts as the Board of Directors in its discretion shall determine. Dividends shall not be declared or paid on the Series I Preferred Stock or the Series II Preferred Stock.

Section 5.03 Liquidation. Upon a Dissolution Event, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the distribution of assets of the Corporation upon such Dissolution Event, the holders of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them. Upon a Dissolution Event, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of any class or series of stock having a preference over or the right to participate with the Series I Preferred Stock and Series II Preferred Stock with respect to the distribution of assets of the Corporation upon such Dissolution Event, and before any payment or distribution of assets is made in respect of Common Stock, (x) the holders of the Series I Preferred Stock shall be entitled to receive, out of the assets of the Corporation available for distribution, distributions equal to the Series I Liquidation Value and (y) the Series II Preferred Stockholder shall be

entitled to receive, out of the assets of the Corporation available for distribution, distributions equal to the Series II Liquidation Value. The Series I Preferred Stock and the Series II Preferred Stock shall rank equally with respect to the distribution of assets upon a Dissolution Event and, to the extent that the assets of the Corporation available for distribution to the holders of the Series I Preferred Stock and Series II Preferred Stock upon any such Dissolution Event are insufficient to pay the entire Series I Liquidation Value and Series II Liquidation Value, the assets of the Corporation available for distribution to the holders of the Series I Preferred Stock and Series II Preferred Stock upon such Dissolution Event shall be ratably distributed to the holders of the Series I Preferred Stock and Series II Preferred Stock based on the portion of the aggregate Series I Liquidation Value and Series II Liquidation Value each such holder is otherwise entitled to receive upon such Dissolution Event.

Section 5.04 Shares Reserved for Issuance. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock such number of shares of Common Stock that shall from time to time be sufficient to effect the exchange of Blackstone Holdings Partnership Units pursuant to the Exchange Agreement; provided, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the exchange of the Blackstone Holdings Partnership Units by delivery of purchased shares of Common Stock that are held in the treasury of the Corporation.

Section 5.05 Issuance and Cancellations of Series I Preferred Stock. On the date that Blackstone Partners in its sole discretion may elect (the “Blackstone Partners Cessation Date”) the Corporation shall, in consideration of, among other things, the corporate benefits received by the Corporation, which consideration shall be at least equal to the aggregate par value of the shares of Series I Preferred Stock to be issued pursuant to this Section 5.05, issue one (1) share of Series I Preferred Stock to each holder of record on such date of a Blackstone Holdings Partnership Unit (other than the Corporation and its Subsidiaries), whether or not such Blackstone Holdings Partnership Unit is vested. In addition, on each date following the Blackstone Partners Cessation Date that any Person that is not already a holder of a share of Series I Preferred Stock shall become a holder of record of a Blackstone Holdings Partnership Unit (other than the Corporation and its Subsidiaries), whether or not such Blackstone Holdings Partnership Unit is vested, the Corporation shall, in consideration of, among other things, the corporate benefits received by the Corporation, which consideration shall be at least equal to the aggregate par value of the shares of Series I Preferred Stock to be issued pursuant to this Section 5.05, issue one (1) share of Series I Preferred Stock to such Person on such date. In the event that a holder of a share of Series I Preferred Stock shall subsequent to the Blackstone Partners Cessation Date cease to be the record holder of a Blackstone Holdings Partnership Unit, the Series I Preferred Stock held by such holder shall be automatically cancelled without any further action of any Person and such holder shall cease to be a stockholder with respect to the Series I Preferred Stock so cancelled.

ARTICLE VI

CERTIFICATES; RECORD HOLDERS; TRANSFER OF STOCK OF THE CORPORATION

Section 6.01 Certificates. Notwithstanding anything otherwise to the contrary herein, unless the Board of Directors shall provide by resolution or resolutions otherwise in respect of some or all of any or all classes or series of stock of the Corporation, the stock of the Corporation shall not be evidenced by certificates. Certificates that may be issued shall be executed on behalf of the Corporation by any two duly authorized officers of the Corporation.

No Certificate evidencing shares of Common Stock, Series I Preferred Stock or Series II Preferred Stock shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the Board of Directors resolves to issue Certificates evidencing shares of Common Stock in global form, the Certificates evidencing such shares of Common Stock shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Certificates evidencing such shares of Common Stock have been duly registered in accordance with the directions of the Corporation. The use of facsimile signatures affixed in the name and on behalf of the Transfer Agent and registrar of the Corporation on certificates representing shares of Common Stock of the Corporation is expressly permitted by this Certificate of Incorporation.

Section 6.02 Mutilated, Destroyed, Lost or Stolen Certificates.

(a) If any mutilated Certificate evidencing shares of Common Stock is surrendered to the Transfer Agent or any mutilated Certificate evidencing other shares of stock of the Corporation is surrendered to the Corporation, two authorized officers of the Corporation shall execute, and, if applicable, the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and class of stock as the Certificate so surrendered.

(b) Any two authorized officers of the Corporation shall execute and deliver, and, if applicable, the Transfer Agent shall countersign a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate:

- (i) makes proof by affidavit, in form and substance satisfactory to the Corporation, that a previously issued Certificate has been lost, destroyed or stolen;
- (ii) requests the issuance of a new Certificate before the Corporation has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;
- (iii) if requested by the Corporation, delivers to the Corporation a bond, in form and substance satisfactory to the Corporation, with surety or sureties and with fixed or open penalty as the Corporation may direct to indemnify the Corporation, the stockholders and, if applicable, the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and
- (iv) satisfies any other reasonable requirements imposed by the Corporation.

(c) As a condition to the issuance of any new Certificate under this Section 6.02, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent, if applicable) reasonably connected therewith.

Section 6.03 Record Holders. The Corporation shall be entitled to recognize the Record Holder as the owner with respect to any share of stock of the Corporation and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other Person, regardless of whether the Corporation shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such shares are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding shares of stock of the Corporation, as between the Corporation, on the one hand, and such other Persons, on the other, such representative Person shall be the Record Holder of such shares.

Section 6.04 Transfer Generally.

(a) The term “transfer,” when used in this Certificate of Incorporation with respect to shares of stock of the Corporation, shall include (i) with respect to any share of Series II Preferred Stock held by the Series II Preferred Stockholder, a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise and (ii) with respect to shares of any other stock of the Corporation, a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(b) Subject to Article IX and Article X, no shares of stock of the Corporation shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article VI. Any transfer or purported transfer of any shares of stock of the Corporation not made in accordance with this Article VI, Article IX or Article X, as applicable, shall be null and void.

(c) Nothing contained in this Certificate of Incorporation shall be construed to prevent a disposition or any other type of transfer of the kind enumerated in Section 6.04(a) by any member or other interest holder of the Series II Preferred Stockholder of any or all of the issued and outstanding equity or other interests in the Series II Preferred Stockholder.

Section 6.05 Registration and Transfer of Stock.

(a) The Corporation shall keep or cause to be kept on behalf of the Corporation a stock ledger in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 6.05(b), the Corporation will provide for the registration and transfer of stock of the Corporation. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Common Stock and transfers of such Common Stock as herein provided. The Corporation shall not recognize transfers of Certificates evidencing shares of stock of the Corporation unless such transfers are effected in the manner described in this Section 6.05. Upon surrender of a Certificate for registration of transfer of any shares of stock of the Corporation evidenced by a Certificate, and subject to the provisions of Section 6.05(b), any two

authorized officers of the Corporation shall execute and deliver, and in the case of Common Stock, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number and type of stock of the Corporation as was evidenced by the Certificate so surrendered.

(b) The Corporation shall not recognize any transfer of shares of stock of the Corporation evidenced by Certificates until the Certificates evidencing such shares of stock are surrendered for registration of transfer. No charge shall be imposed by the Corporation for such transfer; provided that as a condition to the issuance of any new Certificate under this Section 6.05, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

(c) Subject to (i) the foregoing provisions of this Section 6.05, (ii) Section 6.04, (iii) Section 6.06, (iv) Section 6.07, (v) with respect to any series of stock of the Corporation, the provisions of any certificate of designations or amendment to this Certificate of Incorporation establishing such series, (vi) any contractual provisions binding on any holder of shares of stock of the Corporation, and (vii) provisions of applicable law including the Securities Act, the stock of the Corporation shall be freely transferable. Notwithstanding anything to the contrary set forth herein, stock of the Corporation issued pursuant to any employee-related policies or equity benefit plans, programs or practices adopted by the Corporation may be subject to any transfer restrictions contained therein.

Section 6.06 Transfer of Series II Preferred Stock.

(a) Subject to Section 6.06(b) below, the Series II Preferred Stockholder may transfer all or part of the shares of Series II Preferred Stock held by it without the approval of any other stockholder of the Corporation.

(b) Notwithstanding anything herein to the contrary but subject to Section 6.04(c) and Article X, no transfer by the Series II Preferred Stockholder of all or part of the shares of Series II Preferred Stock held by it to another Person shall be permitted unless (i) the written approval of the Board of Directors is obtained prior to such transfer, (ii) the transferee agrees to assume the rights and duties of the Series II Preferred Stockholder under this Certificate of Incorporation and to be bound by the provisions of this Certificate of Incorporation and (iii) the Corporation receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any stockholder of the Corporation. Any purported transfer of shares of Series II Preferred Stock not made in accordance with this Article VI and Article X shall be null and void and any shares of Series II Preferred Stock purportedly transferred in violation of this Section 6.06(b) shall be automatically cancelled for no consideration.

Section 6.07 Additional Restrictions on Transfers.

(a) Except as provided in Section 6.07(b) below, but notwithstanding the other provisions of this Article VI, no transfer of any shares of stock of the Corporation shall be made if such transfer would (i) violate the then applicable U.S. federal or state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authority with jurisdiction over such transfer or (ii) terminate the existence or qualification of the Corporation under the laws of the jurisdiction of its incorporation.

(b) Nothing contained in this Article VI, or elsewhere in this Certificate of Incorporation, shall preclude the settlement of any transactions involving shares of stock of the Corporation entered into through the facilities of any National Securities Exchange on which such shares of stock are listed for trading.

ARTICLE VII

SALE, EXCHANGE OR OTHER DISPOSITION OF THE CORPORATION'S ASSETS

Except as provided in Section 5.03 and Article VIII, the Corporation may not sell, exchange or otherwise dispose of all or substantially all of the Corporate Group's assets, taken as a whole, in a single transaction or a series of related transactions, without the approval of the Series II Preferred Stockholder and the approval of the holders of a majority of the voting power of Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class; provided, however, that this Article VII shall not preclude or limit the Corporation's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Corporate Group (including for the benefit of Persons other than the members of the Corporate Group, including Affiliates of the Series II Preferred Stockholder) and shall not apply to any forced sale of any or all of the assets of the Corporate Group pursuant to the foreclosure of, or other realization upon, any such encumbrance.

ARTICLE VIII

MERGER

Section 8.01 Authority. The Corporation may merge or consolidate or otherwise combine with or into one or more corporations, limited liability companies, statutory trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a partnership (whether general or limited (including a limited liability partnership or a limited liability limited partnership)), formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger, consolidation or other similar business combination (the "Merger Agreement") in accordance with this Article VIII and the DGCL.

Section 8.02 Series II Preferred Stockholder Approval. The merger, consolidation or other similar business combination of the Corporation pursuant to this Article VIII requires the prior approval of the Series II Preferred Stockholder; provided, however, that, to the fullest extent permitted by law, the Series II Preferred Stockholder shall have no duty or obligation to approve any merger, consolidation or other business combination of the Corporation and, to the fullest extent permitted by law, may decline to do so in its sole and absolute discretion and, in declining to approve a merger, consolidation or other business combination, shall not be required to act pursuant to any other standard imposed by this Certificate of Incorporation, any other agreement contemplated hereby or under the DGCL or any other law, rule or regulation or at equity.

Section 8.03 Other Stockholder Approval.

(a) Except as provided in Section 8.03(d) and any certificate of designation relating to any series of Preferred Stock, the Board of Directors, upon its approval of the Merger Agreement and the approval of the Series II Preferred Stockholder as provided in Section 8.02, shall direct that the Merger Agreement and the merger, consolidation or other business combination contemplated thereby be submitted to a vote of holders of Common Stock and Series I Preferred Stock, voting together as a single class, whether at an annual meeting, special meeting or by written consent, in either case in accordance with the requirements of Article XVII and the DGCL. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a meeting or the action by written consent.

(b) Except as provided in Section 8.03(d) and any certificate of designation relating to any series of Preferred Stock, the Merger Agreement and the merger, consolidation or other business combination contemplated thereby shall be adopted and approved upon receiving the affirmative vote or consent of the holders of a majority of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class.

(c) Except as provided in Section 8.03(d), after such approval by vote or consent of holders of Common Stock and Series I Preferred Stock, voting together as a single class, and at any time prior to the filing of the certificate of merger or consolidation or similar certificate with the Secretary of State of the State of Delaware in conformity with the requirements of the DGCL, the merger, consolidation or other business combination may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article VIII or in this Certificate of Incorporation, the Corporation is permitted, with the prior vote or consent of the Series II Preferred Stockholder and without any vote of holders of Common Stock and Series I Preferred Stock, to merge the Corporation or any Group Member into, or convey all of the Corporation's assets to, another limited liability entity, which shall be newly formed and shall have no assets, liabilities or operations at the time of such merger or conveyance other than those it receives from the Corporation or other Group Member; provided that (A) the Corporation has received an Opinion of Counsel that the merger or conveyance, as the case may be, would not result in the loss of the limited liability of any stockholder, (B) the sole purpose of such merger or conveyance is to effect a mere change in the legal form of the Corporation into another limited liability entity and (C) the governing instruments of the new entity provide the stockholders with substantially the same rights and obligations as are herein contained.

ARTICLE IX

RIGHT TO ACQUIRE STOCK OF THE CORPORATION

Section 9.01 Right to Acquire Stock of the Corporation.

(a) Notwithstanding any other provision of this Certificate of Incorporation, if at any time less than 10% of the total shares of any class then Outstanding (other than Series I Preferred Stock and Series II Preferred Stock, which the Corporation shall not have the right to acquire under this Article IX and shall be treated as separate classes, and not part of the class of Preferred Stock, for purposes of this Article IX) is held by Persons other than the Series II Preferred Stockholder and its Affiliates, the Corporation shall then have the right, which right it may assign and transfer in whole or in part to the Series II Preferred Stockholder or any Affiliate of the Series II Preferred Stockholder, exercisable in its sole discretion, to purchase all, but not less than all, of such shares of such class then Outstanding held by Persons other than the Series II Preferred Stockholder and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 9.01(b) is mailed and (y) the highest price paid by the Corporation or any of its Affiliates for any such share of such class purchased during the 90-day period preceding the date that the notice described in Section 9.01(b) is mailed. As used in this Certificate of Incorporation, (i) “Current Market Price” as of any date of any class of stock of the Corporation means the average of the daily Closing Prices per share of such class for the 20 consecutive Trading Days immediately prior to such date; (ii) “Closing Price” for any day means the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted for trading on the principal National Securities Exchange on which such class of stock of the Corporation is listed or admitted to trading or, if such class of stock of the Corporation is not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over-the-counter market, as reported by the primary reporting system then in use in relation to such class of stock of the Corporation, or, if on any such day such class of stock of the Corporation is not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in such class of stock of the Corporation selected by the Corporation in its sole discretion, or if on any such day no market maker is making a market in such class of stock of the Corporation, the fair value of such class of stock of the Corporation on such day as determined by the Corporation in its sole discretion; and (iii) “Trading Day” means a day on which the principal National Securities Exchange on which such stock of the Corporation of any class is listed or admitted to trading is open for the transaction of business or, if a class of stock of the Corporation is not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City generally are open.

(b) If the Corporation, the Series II Preferred Stockholder or any Affiliate of the Series II Preferred Stockholder elects to exercise the right to purchase stock of the Corporation granted pursuant to Section 9.01(a), the Corporation shall deliver to the Transfer Agent notice of such election to purchase (the “Notice of Election to Purchase”) and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of such class (as of a Record Date selected by the Corporation) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and circulated in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section

9.01(a)) at which stock of the Corporation will be purchased and state that the Corporation, the Series II Preferred Stockholder or its Affiliate, as the case may be, elects to purchase such stock of the Corporation (in the case of stock of the Corporation evidenced by Certificates, upon surrender of Certificates representing such stock) in exchange for payment at such office or offices of the Transfer Agent as the Transfer Agent may specify or as may be required by any National Securities Exchange on which such stock of the Corporation is listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder at his or her address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the Corporation, the Series II Preferred Stockholder or its Affiliate, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of such stock of the Corporation to be purchased in accordance with this Section 9.01. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the stockholders subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of such stockholders of the Corporation shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 9.01(a)) for stock of the Corporation therefor, without interest (in the case of stock of the Corporation evidenced by Certificates, upon surrender to the Transfer Agent of the Certificates representing such stock) and such stock of the Corporation shall thereupon be deemed to be transferred to the Corporation, the Series II Preferred Stockholder or its Affiliate, as the case may be, on the record books of the Transfer Agent and the Corporation, the Series II Preferred Stockholder or its Affiliate, as the case may be, shall be deemed to be the owner of all such stock of the Corporation from and after the Purchase Date and shall have all rights as the owner of such stock of the Corporation.

ARTICLE X

RESTRICTIONS ON OWNERSHIP OF SERIES II PREFERRED STOCK

Section 10.01 Restrictions on Ownership of Series II Preferred Stock.

Upon the approval by the stockholders holding at least 66 2/3% of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock (including Outstanding shares of Common Stock and Series I Preferred Stock held by the Series II Preferred Stockholder and its Affiliates (other than the Corporation and its Subsidiaries)), voting together as a single class, the Series II Preferred Stockholder shall be required to transfer its shares of Series II Preferred Stock to a successor Series II Preferred Stockholder designated by the stockholders of the Corporation holding a majority of the voting power of Outstanding shares of Common Stock and Series I Preferred Stock (including Outstanding shares of Common Stock and Series I Preferred Stock held by the Series II Preferred Stockholder and its Affiliates (other than the Corporation and its Subsidiaries)), voting together as a single class (such designated successor, a “Successor Series II Preferred Stockholder”), upon the terms and conditions set forth in this Article X (the “Series II Preferred Stockholder Removal”). Upon the effectiveness of the Series II Preferred Stockholder Removal, the Series II Preferred Stockholder shall, to the fullest extent

permitted by applicable law, automatically be removed as general partner or managing member, to the extent applicable, of the other Group Members of which the Series II Preferred Stockholder is a general partner or a managing member. Any Successor Series II Preferred Stockholder who acquires shares of Series II Preferred Stock in accordance with the terms of this Section 10.01, shall automatically become a successor general partner or managing member, to the extent applicable, of the other Group Members of which the Series II Preferred Stockholder is a general partner or a managing member, and is hereby authorized to, and shall, continue the business of the other Group Members without dissolution. The right of the stockholders of the Corporation to cause the effectiveness of the Series II Preferred Stockholder Removal shall not exist or be exercised unless the Corporation has received an opinion (following the selection of the Successor Series II Preferred Stockholder) that the Series II Preferred Stockholder Removal would not result in the loss of the limited liability of any stockholder of the Corporation or cause any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not previously treated as such). The Series II Preferred Stockholder, by acceptance of shares of Series II Preferred Stock, agrees to be bound by the terms and provisions of this Certificate of Incorporation and any Successor Series II Preferred Stockholder selected in accordance with the terms of this Section 10.01 shall agree to assume the rights and duties of the Series II Preferred Stockholder under this Certificate of Incorporation and to be bound by the provisions of this Certificate of Incorporation.

Section 10.02 Combined Interest.

(a) In the event the Series II Preferred Stockholder Removal is approved in accordance with the terms of Section 10.01 where Cause does not exist, the Series II Preferred Stockholder shall have the option exercisable prior to the effective date of the Series II Preferred Stockholder Removal to require its successor to purchase (x) its shares of the Series II Preferred Stock and (y) its general partner interest (or equivalent interest), if any, in the other Group Members ((x) and (y) collectively, the “Combined Interest”) in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of the Series II Preferred Stockholder Removal. If the Series II Preferred Stockholder Removal is approved under circumstances where Cause exists and if the Successor Series II Preferred Stockholder is elected in accordance with the terms of Section 10.01, such successor shall have the option, exercisable prior to the effective date of the Series II Preferred Stockholder Removal, to purchase the Combined Interest of the Series II Preferred Stockholder for such fair market value of such Combined Interest of the Series II Preferred Stockholder. In either event, the Series II Preferred Stockholder shall be entitled to receive all reimbursements due such departing Series II Preferred Stockholder pursuant to Section 16.03(d), including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the Series II Preferred Stockholder or its Affiliates (excluding any Group Member) for the benefit of the Corporation or the other Group Members.

For purposes of this Section 10.02(a), the fair market value of a Series II Preferred Stockholder's Combined Interest shall be determined by agreement between the Series II Preferred Stockholder and the Successor Series II Preferred Stockholder or, failing agreement within 30 days after the effective date of the Series II Preferred Stockholder Removal, by an independent investment banking firm or other independent expert selected by the Series II Preferred Stockholder and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of the Series II Preferred Stockholder Removal, then the Series II Preferred Stockholder shall designate an independent investment banking firm or other independent expert, the Successor Series II Preferred Stockholder shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the fair market value of the Combined Interest of the Series II Preferred Stockholder. In making its determination, such third independent investment banking firm or other independent expert may consider the then current trading price of shares of stock on any National Securities Exchange on which shares of Common Stock are then listed, the value of the Corporation's assets, the rights and obligations of the Series II Preferred Stockholder and other factors it may deem relevant.

(b) If the Combined Interest is not purchased in the manner set forth in Section 10.02(a), the Corporation shall, in consideration of, among other things, the corporate benefits received by the Corporation, which consideration shall be at least equal to the aggregate par value of the shares of Common Stock to be issued pursuant to this Section 10.02(a), issue to the Series II Preferred Stockholder (or its transferee) shares of Common Stock having a value equal to the Combined Interest determined pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 10.02(a), without reduction in such shares of Series II Preferred Stock (but subject to proportionate dilution by reason of the Successor Series II Preferred Stockholder).

ARTICLE XI

AMENDMENT OF CERTIFICATE OF INCORPORATION

Section 11.01 Amendments to be Approved by the Series II Preferred Stockholder. Notwithstanding anything to the contrary set forth herein (other than Section 4.02), and except as otherwise expressly provided by applicable law, the Series II Preferred Stockholder shall have the sole right to vote on any amendment to this Certificate of Incorporation proposed by the Board of Directors that:

(a) is a change in the name of the Corporation, the registered agent of the Corporation or the registered office of the Corporation;

(b) the Board of Directors has determined to be necessary or appropriate to address changes in U.S. federal income tax regulations, legislation or interpretation;

(c) the Board of Directors has determined (i) does not adversely affect the stockholders (other than the Series II Preferred Stockholder) considered as a whole (including any particular class or series of stock of the Corporation as compared to other classes or series of stock of the Corporation, treating the Common Stock as a separate class for this purpose) in any material respect, (ii) to be necessary or appropriate to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any U.S. federal or state or non-U.S. agency or judicial authority or contained in any U.S. federal or state or non-

U.S. statute (including the DGCL) or (B) facilitate the trading of the stock of the Corporation (including the division of any class or classes of Outstanding stock of the Corporation into different classes to facilitate uniformity of tax consequences within such classes of stock of the Corporation) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the stock of the Corporation is or will be listed, (iii) to be necessary or appropriate in connection with action taken pursuant to Section 4.03, or (iv) is required to effect the intent of the provisions of this Certificate of Incorporation or is otherwise contemplated by this Certificate of Incorporation;

(d) is a change in the Fiscal Year or taxable year of the Corporation and any other changes that the Board of Directors has determined to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Corporation including, if the Board of Directors has so determined, subject to any certificate of designation relating to any series of Preferred Stock, the dates on which dividends are to be made by the Corporation;

(e) is necessary, in the Opinion of Counsel, to prevent the Corporation or its directors, officers, trustees or agents from having a material risk of being in any manner subjected to the provisions of the U.S. Investment Company Act of 1940, as amended, the U.S. Investment Advisers Act of 1940, as amended, or “plan asset” regulations adopted under the U.S. Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(f) the Board of Directors has determined to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of stock of the Corporation or options, rights, warrants or appreciation rights relating to stock of the Corporation;

(g) is expressly permitted in this Certificate of Incorporation to be voted on solely by the Series II Preferred Stockholder;

(h) is effected, necessitated or contemplated by a Merger Agreement permitted by Article VIII;

(i) the Board of Directors has determined to be necessary or appropriate to reflect and account for the formation by the Corporation of, or investment by the Corporation in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Corporation of activities permitted by the terms of Article III;

(j) is effected, necessitated or contemplated by an amendment to any Blackstone Holdings Partnership Agreement that requires unitholders of any Blackstone Holdings Partnership to provide a statement, certification or other proof of evidence to the Blackstone Holdings Partnerships regarding whether such unitholder is subject to U.S. federal income taxation on the income generated by the Blackstone Holdings Partnerships;

- (k) reflects a merger or conveyance pursuant to Section 8.03(d); or
- (l) is substantially similar to the foregoing.

The Series II Preferred Stockholder shall have no duty or obligation to consent to any amendment to this Certificate of Incorporation and may decline to do so in its sole and absolute discretion, and in declining to consent to an amendment to the fullest extent permitted by law, shall not be required to act in good faith or pursuant to any other standard imposed by this Certificate of Incorporation, any other agreement contemplated hereby or under the DGCL or any other law, rule or regulation or at equity.

Section 11.02 Amendment Requirements.

(a) Except as provided in Article IV, Section 11.01 and subsections (b) through (f) of this Section 11.02, any proposed amendment to this Certificate of Incorporation shall require the approval of the Series II Preferred Stockholder and the approval of the holders of a majority of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class, unless a greater or different percentage is required under the DGCL or this Certificate of Incorporation. Each proposed amendment that requires the approval of the holders of a specified percentage of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class, shall be set forth in a writing that contains the text of the proposed amendment. If such an amendment is proposed, the Board of Directors shall seek the written approval of the requisite percentage of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class, or call a meeting of the holders of Common Stock and Series I Preferred Stock to consider and vote on such proposed amendment, in each case, in accordance with the provisions of this Certificate of Incorporation and the DGCL. The Corporation shall notify all Record Holders upon final adoption of any such proposed amendments.

(b) Notwithstanding the provisions of Sections 11.01 and 11.02(a) and Article XII, no amendment to this Certificate of Incorporation or the Bylaws may (i) enlarge the obligations of any stockholder without its consent, unless such shall be deemed to have occurred as a result of an amendment approved pursuant to Section 11.02(c), or (ii) enlarge the obligations of, restrict in any way any action by or rights (including, but not limited to, voting power) of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to the Series II Preferred Stockholder or any of its Affiliates without the Series II Preferred Stockholder's consent, which consent may be given or withheld in its sole discretion.

(c) Except as provided in Sections 8.03 and 11.01, any amendment that would have a material adverse effect on the rights or preferences of any class of stock of the Corporation in relation to other classes of stock of the Corporation must be approved by the holders of not less than a majority of the Outstanding stock of the class affected.

(d) Notwithstanding any other provision of this Certificate of Incorporation, except for amendments adopted pursuant to Section 11.01 and except as otherwise provided by Article VIII, in addition to any other approval required by this Certificate of Incorporation no amendment shall become effective without the affirmative vote or consent of stockholders holding at least 90% of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class, unless the Corporation obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any stockholder under the DGCL.

(e) Except as provided in Section 11.01, subsections (b) through (f) of this Section 11.02 shall only be amended with the affirmative vote or consent of the stockholders holding at least 90% of the voting power of the Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class.

(f) Notwithstanding the provisions of Sections 11.01 and 11.02(a), no provision of this Certificate of Incorporation that requires the vote of stockholders holding a percentage of the voting power of Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class (including Outstanding shares of Common Stock and Series I Preferred Stock owned by the Series II Preferred Stockholder and its Affiliates (other than the Corporation and its Subsidiaries)) to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the written consent or the affirmative vote of stockholders whose aggregate Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class, constitutes not less than the voting or consent requirement sought to be reduced.

ARTICLE XII

BYLAWS

Section 12.01 Amendments. In furtherance and not in limitation of the powers conferred by the DGCL, except as expressly provided in this Certificate of Incorporation or the Bylaws, the Board of Directors is expressly authorized to adopt, amend and repeal, in whole or in part, the Bylaws without the assent or vote of the stockholders in any manner not inconsistent with the DGCL or this Certificate of Incorporation.

Section 12.02 Amendments to be Approved by the Series II Preferred Stockholder. In addition to any vote or consent required by this Certificate of Incorporation or the Bylaws or the DGCL, the amendment or repeal, in whole or in part, of Sections 2.03, 3.02 through 3.11, Article IV and Article IX of the Bylaws, or the adoption of any provision inconsistent therewith, shall require the prior approval of the Series II Preferred Stockholder.

ARTICLE XIII

OFFICERS

Section 13.01 Appointment, Selection and Designation of Chief Executive Officers. The officers of the Corporation shall include one or more Chief Executive Officers, each of whom shall be appointed by the Series II Preferred Stockholder and shall hold office for such term as shall be determined by the Series II Preferred Stockholder or until his or her earlier death, resignation, retirement, disqualification or removal. Any other officer of the Corporation shall be selected and designated pursuant to the Bylaws.

Section 13.02 Vacancies. Any vacancies occurring in any office of the Chief Executive Officer shall be filled by the Series II Preferred Stockholder in the same manner as such officers are appointed pursuant to Section 13.01. Any vacancies occurring in any other offices shall be filled pursuant to the Bylaws.

Section 13.03 Removal. An officer of the Corporation may be removed from office with or without cause at any time by the Board of Directors (and, in the case of any Chief Executive Officer or Co-Chief Executive Officer, only with the consent of the Series II Preferred Stockholder).

ARTICLE XIV

OUTSIDE ACTIVITIES

Section 14.01 Outside Activities.

(a) The Series II Preferred Stockholder, for so long as it owns Series II Preferred Stock, (i) agrees that its sole business will be to act as the Series II Preferred Stockholder and as a general partner or managing member of any partnership or limited liability company of which the Corporation is, directly or indirectly, a partner or member and to undertake activities that are ancillary or related thereto and (ii) shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as the Series II Preferred Stockholder and as a general partner or managing member of one or more Group Members or (B) the acquiring, owning or disposing of debt or equity securities in any Group Member.

(b) Except insofar as the Series II Preferred Stockholder is specifically restricted by Section 14.01(a) and except with respect to any corporate opportunity expressly offered to any Indemnitee solely through their service to the Corporate Group, to the fullest extent permitted by the DGCL, each Indemnitee shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a violation of this Certificate of Incorporation or any duty otherwise existing at law, in equity or otherwise to any Group Member or any stockholder of the Corporation. Subject to the immediately preceding sentence, no Group Member or any stockholder of the Corporation shall have any rights by virtue of this Certificate of Incorporation, the DGCL or otherwise in any business ventures of any Indemnitee, and the Corporation hereby waives and renounces any interest or expectancy therein.

Section 14.02 Approval and Waiver. Subject to the terms of Section 14.01, but otherwise notwithstanding anything to the contrary in this Certificate of Incorporation, (i) the engaging in competitive activities by any Indemnitee (other than the Series II Preferred Stockholder) in accordance with the provisions of this Article XIV is hereby deemed approved by the Corporation and all stockholders, (ii) it shall be deemed not to be a breach of the Series II Preferred Stockholder's or any other Indemnitee's duties or any other obligation of any type whatsoever of the Series II Preferred Stockholder or any other Indemnitee for the Indemnitee (other than the Series II Preferred Stockholder) to engage in such business interests and activities in preference to or to the exclusion of any Group Member, (iii) the Series II Preferred Stockholder and the other Indemnitees shall have no obligation hereunder or as a result of any duty otherwise existing at law, in equity or otherwise to present business opportunities to any Group Member and (iv) the Corporation hereby waives and renounces any interest or expectancy in such activities such that the doctrine of "corporate opportunity" or other analogous doctrine shall not apply to any such Indemnitee.

Section 14.03 Acquisition of Stock. The Series II Preferred Stockholder and any of its Affiliates may acquire stock of the Corporation or options, rights, warrants or appreciation rights relating to stock of the Corporation and, except as otherwise expressly provided in this Certificate of Incorporation, shall be entitled to exercise all rights of a stockholder of the Corporation relating to such stock or options, rights, warrants or appreciation rights relating to stock of the Corporation.

ARTICLE XV

BUSINESS COMBINATIONS

The Corporation hereby expressly elects not to be governed by Section 203 of the DGCL.

ARTICLE XVI

INDEMNIFICATION, LIABILITY OF INDEMNITEES

Section 16.01 Indemnification.

(a) To the fullest extent permitted by law (including, if and to the extent applicable, Section 145 of the DGCL), but subject to the limitations expressly provided for in this Section 16.01, all Indemnitees shall be indemnified and held harmless by the Corporation from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened, pending or completed claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee whether arising from acts or omissions to act occurring before or after the date of the filing and effectiveness of the Original Certificate, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any alleged conduct resulting in a criminal proceeding against the Indemnitee, such person had no reasonable cause to believe that such person's conduct was unlawful.

Notwithstanding the preceding sentence, except as otherwise provided in Section 16.01(i), the Corporation shall be required to indemnify a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the Board of Directors.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 16.01(a) in appearing at, participating in or defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Corporation prior to a final and non-appealable determination that the Indemnitee is not entitled to be indemnified upon (i) receipt by the Corporation of an undertaking by or on behalf of the Indemnitee to repay such amount if it ultimately shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 16.01 and (ii) to the extent determined by the Board of Directors in its sole discretion to be necessary or advisable, receipt by the Corporation of security or other assurances satisfactory to the Board of Directors in its sole discretion that the Indemnitee will be able to repay such amount if it ultimately shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 16.01. Notwithstanding the preceding sentence, except as otherwise provided in Section 16.01(j), the Corporation shall be required to advance expenses of a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the Board of Directors in its sole discretion.

(c) The indemnification provided by this Section 16.01 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of Outstanding shares of Common Stock and Series I Preferred Stock, voting together as a single class, entitled to vote on such matter, as a matter of law, in equity or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Corporation may purchase and maintain (or reimburse the Series II Preferred Stockholder or its Affiliates for the cost of) insurance, on behalf of the Indemnitees and such other Persons as the Board of Directors shall determine in its sole discretion, against any liability that may be asserted against, or expense that may be incurred by, such Person in connection with the Corporation's activities or such Person's activities on behalf of the Corporation, regardless of whether the Corporation would have the power to indemnify such Person against such liability under the provisions of this Certificate of Incorporation.

(e) For purposes of this Section 16.01, (i) the Corporation shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Corporation also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; (ii) excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 16.01(a); and (iii) any action taken or omitted by an Indemnitee with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Corporation.

(f) Any indemnification pursuant to this Section 16.01 shall be made only out of the assets of the Corporation, it being agreed that the Series II Preferred Stockholder shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Corporation to enable it to effectuate such indemnification. In no event may an Indemnitee subject any other stockholders of the Corporation to personal liability by reason of the indemnification provisions set forth in this Certificate of Incorporation.

(g) To the fullest extent permitted by law, an Indemnitee shall not be denied indemnification in whole or in part under this Section 16.01 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Certificate of Incorporation.

(h) The provisions of this Section 16.01 are for the benefit of the Indemnitees and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 16.01 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Corporation, nor the obligations of the Corporation to indemnify any such Indemnitee under and in accordance with the provisions of this Section 16.01 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

(j) If a claim for indemnification (following the final disposition of the action, suit or proceeding for which indemnification is being sought) or advancement of expenses under this Section 16.01 is not paid in full within 30 days after a written claim therefor by any Indemnitee has been received by the Corporation, such Indemnitee may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expenses of prosecuting such claim, including reasonable attorneys' fees. In any such action the Corporation shall have the burden of proving that such Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable law.

(k) This Section 16.01 shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, Persons other than Indemnitees.

Section 16.02 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Certificate of Incorporation (but without limitation of any other provision of this Certificate of Incorporation providing for the limitation or elimination of liability of any Person), to the extent and in the manner permitted by the DGCL, no Indemnitee shall be liable to the Corporation, the stockholders of the Corporation or any other Persons who have acquired interests in stock of the

Corporation, for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an Indemnitee, or for any breach of contract (including a violation of this Certificate of Incorporation) or any breach of duties (including breach of fiduciary duties) whether arising hereunder, at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct.

(b) Any amendment, modification or repeal of this Section 16.02 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnites under this Section 16.02 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted, and provided such Person became an Indemnitee hereunder prior to such amendment, modification or repeal.

(c) A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

Section 16.03 Other Matters Concerning the Series II Preferred Stockholder.

(a) To the fullest extent permitted by law, stockholders of the Corporation expressly acknowledge that the Series II Preferred Stockholder is under no obligation to consider the separate interests of the other stockholders of the Corporation (including, without limitation, the tax consequences to such stockholders) in deciding whether to cause the Corporation to take (or decline to take) any action, and that, to the fullest extent permitted by law, the Series II Preferred Stockholder shall not be liable to the other stockholders of the Corporation for monetary damages for losses sustained, liabilities incurred or benefits not derived by such stockholders in connection with such decisions.

(b) To the fullest extent permitted by law, the Series II Preferred Stockholder may exercise any of the powers granted to it by this Certificate of Incorporation and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the Series II Preferred Stockholder shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the Series II Preferred Stockholder in good faith.

(c) To the fullest extent permitted by law, the Series II Preferred Stockholder may (i) rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and (ii) consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and, to the

fullest extent permitted by law, any act taken or omitted to be taken in reliance upon the advice or opinion (including an Opinion of Counsel) of such Persons as to matters that the Series II Preferred Stockholder reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such advice or opinion.

(d) The Series II Preferred Stockholder shall be reimbursed on a monthly basis, or such other reasonable basis as the Series II Preferred Stockholder may determine, in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Corporate Group (including salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the Series II Preferred Stockholder to perform services for the Corporate Group or for the Series II Preferred Stockholder in the discharge of its duties to the Corporate Group) and (ii) all other expenses allocable to the Corporate Group or otherwise incurred by the Series II Preferred Stockholder in connection with operating the Corporate Group's business (including expenses allocated to the Series II Preferred Stockholder by its Affiliates). The Series II Preferred Stockholder in its sole discretion shall determine the expenses that are allocable to the Corporate Group. Reimbursements pursuant to this Section 16.03 shall be in addition to any reimbursement to the Series II Preferred Stockholder as a result of indemnification pursuant to Section 16.01.

ARTICLE XVII

MEETINGS OF STOCKHOLDERS, ACTION WITHOUT A MEETING

Section 17.01 Special Meetings. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time only by or at the direction of (i) the Board of Directors, (ii) the Series II Preferred Stockholder or (iii) if at any time stockholders of the Corporation other than the Series II Preferred Stockholder are entitled under applicable law or this Certificate of Incorporation to vote on the specific matters proposed to be brought before a special meeting, stockholders of the Corporation owning 50% or more of the voting power of the Outstanding stock of the Corporation of the class or classes for which a meeting is proposed and relating to such matters for which such class or classes are entitled to vote at such meeting. For the avoidance of doubt, the Series I Preferred Stock and Series II Preferred Stock shall be excluded from the class of Preferred Stock for this purpose, with the Common Stock and Series I Preferred Stock treated as the same class for this purpose and the Series II Preferred Stock treated as a separate class for this purpose. Stockholders of the Corporation shall call a special meeting by delivering to the Board of Directors one or more requests in writing stating that the signing stockholders wish to call a special meeting and indicating the general or specific purposes for which the special meeting is to be called. Within 60 days after receipt of such a call from stockholders or within such greater time as may be reasonably necessary for the Corporation to comply with any statutes, rules, regulations, listing, agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, notice of such meeting shall be given in accordance with the DGCL. A special meeting shall be held at a time and place determined by the Board of Directors in its sole discretion on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting.

Section 17.02 Adjournment. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 30 days. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new Record Date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the Record Date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the Record Date so fixed for notice of such adjourned meeting.

Section 17.03 Quorum. The stockholders of the Corporation holding a majority of the voting power of the Outstanding stock of the class or classes entitled to vote at a meeting (including stock of the Corporation deemed owned by the Series II Preferred Stockholder) represented in person or by proxy shall constitute a quorum at a meeting of stockholders of such class or classes unless any such action by the stockholders of the Corporation requires approval by stockholders holding a greater percentage of the voting power of such stock, in which case the quorum shall be such greater percentage. For the avoidance of doubt, the Series I Preferred Stock and Series II Preferred Stock shall be excluded from the class of Preferred Stock for this purpose, with the Common Stock and Series I Preferred Stock treated as the same class for this purpose and the Series II Preferred Stock treated as a separate class for this purpose, in each case except as otherwise required by applicable law. At any meeting of the stockholders of the Corporation duly called and held in accordance with this Certificate of Incorporation at which a quorum is present, the act of stockholders holding Outstanding stock of the Corporation that in the aggregate represents a majority of the voting power of the Outstanding stock entitled to vote at such meeting shall be deemed to constitute the act of all stockholders, unless a greater or different percentage is required with respect to such action under this Certificate of Incorporation or the DGCL, in which case the act of the stockholders holding Outstanding stock that in the aggregate represents at least such greater or different percentage of the voting power shall be required. The stockholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of the voting power of Outstanding stock of the Corporation specified in this Certificate of Incorporation (including Outstanding stock of the Corporation deemed owned by the Series II Preferred Stockholder). In the absence of a quorum, any meeting of stockholders may be adjourned from time to time by the affirmative vote of stockholders holding at least a majority of the voting power of the Outstanding stock of the Corporation entitled to vote at such meeting (including Outstanding stock of the Corporation owned or deemed owned by the Series II Preferred Stockholder) represented either in person or by proxy, but no other business may be transacted, except as provided in Section 17.02.

Section 17.04 Conduct of a Meeting. To the fullest extent permitted by law, the Board of Directors shall have full power and authority concerning the manner of conducting any meeting of the stockholders of the Corporation or solicitation of approvals in writing, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 17.01, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The Board of Directors shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Corporation. The Board of Directors may make such other regulations consistent with applicable law and this Certificate of Incorporation as it may deem necessary or advisable concerning the conduct of any meeting of the stockholders or solicitation of stockholder action by written consent in lieu of a meeting, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of ballots, proxies and written consents. Unless the Bylaws provide otherwise, elections of directors need not be by written ballot.

Section 17.05 Action Without a Meeting. Except as otherwise provided in this Certificate of Incorporation, including any certificate of designation relating to any series of Preferred Stock, any action required or permitted to be taken by the stockholders (other than the Series II Preferred Stockholder) may only be taken at a meeting of stockholders and may not be taken by written consent. Notwithstanding the foregoing, if consented to by the Series II Preferred Stockholder, any action that may be taken at a meeting of the stockholders entitled to vote may be taken without a meeting, without a vote and without prior notice, if a consent or consents in writing setting forth the action so taken are signed by stockholders owning not less than the minimum percentage of the voting power of the Outstanding stock of the Corporation (including stock of the Corporation deemed owned by the Series II Preferred Stockholder) that would be necessary to authorize or take such action at a meeting at which all the stockholders entitled to vote were present and voted and such consent or consents are delivered in the manner contemplated by Section 228 of the DGCL (unless such provision conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the stock of the Corporation or a class thereof are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern). Prompt notice of the taking of action without a meeting shall be given to the stockholders of the Corporation entitled thereto pursuant to the DGCL.

ARTICLE XVIII

BOOKS, RECORDS, ACCOUNTING

Section 18.01 Records and Accounting. The Corporation shall keep or cause to be kept at the principal office of the Corporation or any other place designated by the Board of Directors appropriate books and records with respect to the Corporation's business. Any books and records maintained by or on behalf of the Corporation in the regular course of its business, including the record of the Record Holders of stock of the Corporation or options, rights, warrants or appreciation rights relating to stock of the Corporation, books of account and records of Corporation proceedings, may be kept on, or by means of, or be in the form of, any information storage device, method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases); provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The books of the Corporation shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

Section 18.02 Fiscal Year. The fiscal year of the Corporation (each, a “Fiscal Year”) shall be a year ending December 31. The Board of Directors, subject to the approval of the Series II Preferred Stockholder in accordance with Section 11.01(d), may change the Fiscal Year of the Corporation at any time and from time to time in each case as may be required or permitted under the Code or applicable United States Treasury Regulations and shall notify the stockholders of such change in the next regular communication to stockholders.

Section 18.03 Reports.

(a) As soon as practicable, but in no event later than 120 days after the close of each Fiscal Year, the Corporation shall make available to each Record Holder of a share of stock of the Corporation as of a date selected by the Board of Directors in its sole discretion, an annual report containing financial statements of the Corporation for such Fiscal Year, presented in accordance with U.S. GAAP, including a balance sheet and statements of operations, Corporate equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the Board of Directors.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each Fiscal Year, the Corporation shall make available to each Record Holder of a share of stock of the Corporation, as of a date selected by the Board of Directors in its sole discretion, a report containing unaudited financial statements of the Corporation and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the stock of the Corporation is listed for trading, or as the Board of Directors determines to be necessary or appropriate.

(c) The Corporation shall be deemed to have made a report available to each Record Holder as required by this Section 17.03 if it has either (i) filed such report with the Commission via its Electronic Data Gathering, Analysis and Retrieval system and such report is publicly available on such system or (ii) made such report available on any publicly available website maintained by the Corporation.

ARTICLE XIX

NOTICE AND WAIVER OF NOTICE

Section 19.01 Notice.

(a) Any notice, demand, request, report or proxy materials required or permitted to be given or made to a stockholder pursuant to this Certificate of Incorporation shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the stockholder at the address described below.

(b) Except as otherwise provided by law, any notice, payment or report to be given or made to a stockholder hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, or upon sending of such notice, payment or report to the Record Holder of such shares of stock of the Corporation at his or her address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Corporation, regardless of any claim of any Person who may have an interest in such shares by reason of any assignment or otherwise.

(c) Notwithstanding the foregoing, if (i) applicable law shall permit the Company to give notices, demands, requests, reports or proxy materials via electronic mail or by the Internet or (ii) the rules of the Commission shall permit any report or proxy materials to be delivered electronically or made available via the Internet, any such notice, demand, request, report or proxy materials shall be deemed given or made in accordance with Section 232 of the DGCL, as applicable, or otherwise when delivered or made available via such mode of delivery.

(d) An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 19.01 executed by the Corporation, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. Any notice to the Corporation shall be deemed given if received in writing by the Corporation at its principal office. To the fullest extent permitted by the DGCL, the Corporation may rely and shall be protected in relying on any notice or other document from a stockholder if believed by it to be genuine.

Section 19.02 Waiver of Notice. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such Person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such Person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting (in Person or by remote communication) shall constitute waiver of notice except attendance for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE XX

DEFINITIONS

Section 20.01 Definitions. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Certificate of Incorporation:

“Affiliate” means, 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, the Person in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Associate” means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

“beneficial owner” has the meaning assigned to such term in Rules 13d-3 and 13d-5 under the Exchange Act (and “beneficially own” and “beneficial ownership” shall each have a correlative meaning).

“Blackstone Holdings AI” means Blackstone Holdings AI L.P., a Delaware limited partnership, and any successors thereto.

“Blackstone Holdings I” means Blackstone Holdings I L.P., a Delaware limited partnership, and any successors thereto.

“Blackstone Holdings II” means Blackstone Holdings II L.P., a Delaware limited partnership, and any successors thereto.

“Blackstone Holdings III” means Blackstone Holdings III L.P., a Québec société en commandite, and any successors thereto.

“Blackstone Holdings IV” means Blackstone Holdings IV L.P., a Québec société en commandite, and any successors thereto.

“Blackstone Holdings Group” means, collectively, the Blackstone Holdings Partnerships and their respective Subsidiaries.

“Blackstone Holdings Partnership Agreements” means, collectively, the Amended and Restated Limited Partnership Agreement of Blackstone Holdings I, the Amended and Restated Limited Partnership Agreement of Blackstone Holdings AI, the Amended and Restated Limited Partnership Agreement of Blackstone Holdings II, the Amended and Restated Limited Partnership Agreement of Blackstone Holdings III and the Amended and Restated Limited Partnership Agreement of Blackstone Holdings IV, as they may each be amended, supplemented or restated from time to time.

“Blackstone Holdings Partnership Unit” means, collectively, one partnership unit in each of Blackstone Holdings I, Blackstone Holdings AI, Blackstone Holdings II, Blackstone Holdings III and Blackstone Holdings IV issued under their respective Blackstone Holdings Partnership Agreement.

“Blackstone Holdings Partnerships” means, collectively, Blackstone Holdings I, Blackstone Holdings AI, Blackstone Holdings II, Blackstone Holdings III and Blackstone Holdings IV.

“Blackstone Holdings Limited Partner” means each Person that becomes a limited partner of the Blackstone Holdings Partnerships pursuant to the terms of the Blackstone Holdings Partnership Agreements.

“Blackstone Partners” means Blackstone Partners L.L.C., a Delaware limited liability company, and any successors thereto.

“Blackstone Partners Cessation Date” has the meaning assigned to such term in Section 5.05.

“Board of Directors” means the board of directors of the Corporation.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to close.

“Bylaws” means the bylaws of the Corporation as in effect from time to time.

“Cause” means a court of competent jurisdiction has entered a final, non-appealable judgment finding the Series II Preferred Stockholder liable for actual fraud or willful misconduct in its capacity as a stockholder of the Corporation.

“Certificate” means a certificate issued in global form in accordance with the rules and regulations of the Depositary or in such other form as may be adopted by the Board of Directors, issued by the Corporation evidencing ownership of one or more shares of Common Stock or a certificate, in such form as may be adopted by the Board of Directors, issued by the Corporation evidencing ownership of one or more other classes of stock of the Corporation.

“Certificate of Incorporation” means this Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time, including pursuant to any certificate of designation relating to any series of Preferred Stock.

“Class C Stockholder” has the meaning assigned to such term in the Original Certificate.

“Closing Price” has the meaning assigned to such term in Section 9.01(a).

“Code” means the United States Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

“Commission” means the U.S. Securities and Exchange Commission.

“Common Stock” has the meaning assigned to such term in Section 4.01(a)(i).

“Corporate Group” means the Corporation and its Subsidiaries treated as a single consolidated entity.

“Corporation” has the meaning assigned to such term in Article I.

“Current Market Price” has the meaning assigned to such term in Section 9.01(a).

“Depository” means, with respect to any shares of stock issued in global form, The Depository Trust Company and its successors and permitted assigns.

“DGCL” means the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time.

“Dissolution Event” means an event giving rise to the dissolution, liquidation or winding up of the Corporation.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute.

“Exchange Agreement” means one or more exchange agreements providing for the exchange of Blackstone Holdings Partnership Units or other securities issued by members of the Blackstone Holdings Group for Common Stock.

“Fiscal Year” has the meaning assigned to such term in Section 18.02.

“Former General Partner” means Blackstone Group Management L.L.C. in its capacity as the former general partner of the Partnership.

“Group” means a Person that with or through any of its Affiliates or Associates has any contract, arrangement, understanding or relationship for the purpose of acquiring, holding, voting, exercising investment power or disposing of any stock of the Corporation with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, stock of the Corporation.

“Group Member” means a member of the Corporate Group.

“Indemnitee” means, to the fullest extent permitted by the DGCL, (a) the Series II Preferred Stockholder, (b) the Former General Partner, (c) any Person who is or was a controlling Affiliate of the Series II Preferred Stockholder or the Former General Partner, (d) any Person who is or was a director or an officer of the Corporation, the Series II Preferred Stockholder or the Former General Partner, (e) any Person in clause (d) who is or was serving at the request of the Corporation, the Series II Preferred Stockholder or the Former General Partner as an officer, director, employee, member, partner, agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services and (f) any Person the Corporation in its sole discretion designates as an “Indemnitee” as permitted by applicable law. Any reference to an officer of the Corporation, the Series II Preferred Stockholder or the Former General Partner in this definition shall be deemed to refer exclusively to the Chief Executive Officer, President, Chief Operating Officer, Executive Vice Chairman, Chief Financial Officer, Chief Legal Officer, Secretary or any other officer of the Corporation appointed pursuant to Article XIII or the Bylaws or, with respect to the Series II Preferred Stockholder or the Former General Partner, appointed pursuant to the equivalent organizational documents of the Series II Preferred

Stockholder or the Former General Partner. The fact that any person who is or was an employee of the Corporation, the Series II Preferred Stockholder or the Former General Partner, but not an officer thereof as described in the preceding sentence, has been given or has used any title that could be construed to suggest or imply that such person is or may be an officer of the Corporation, the Series II Preferred Stockholder or the Former General Partner shall not result in such person being constituted as, or being deemed to be, such an officer of the Corporation, the Series II Preferred Stockholder or the Former General Partner for purposes of Article XVI.

“Merger Agreement” has the meaning assigned to such term in Section 8.01.

“National Securities Exchange” means an exchange registered with the Commission under Section 6(a) of the Exchange Act or any successor thereto and any other securities exchange (whether or not registered with the Commission under Section 6(a) of the Exchange Act) that the Board of Directors shall designate as a National Securities Exchange for purposes of this Certificate of Incorporation and the Bylaws.

“Notice of Election to Purchase” has the meaning assigned to such term in Section 9.01(b).

“Opinion of Counsel” means a written opinion of counsel acceptable to the Board of Directors.

“Original Certificate” means the original certificate of incorporation of the Corporation, as filed with the Secretary of State of the State of Delaware on June 28, 2019 and effective on July 1, 2019.

“Outstanding” means, with respect to stock of the Corporation (other than Series II Preferred Stock), all shares of such stock that are issued by the Corporation and reflected as outstanding on the Corporation’s books and records as of the date of determination; provided, however, that if at any time any Person or Group (other than the Series II Preferred Stockholder or its Affiliates) beneficially owns 20% or more of Outstanding Common Stock, all Common Stock owned by such Person or Group shall not be entitled to be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of stockholders of the Corporation to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Certificate of Incorporation (such shares of Common Stock shall not, however, be treated as a separate class of stock for purposes of this Certificate of Incorporation); provided further, that the foregoing limitation shall not apply (i) to any Person or Group who acquired 20% or more of any shares of Outstanding Common Stock directly from the Series II Preferred Stockholder or its Affiliates, (ii) to any Person or Group who acquired 20% or more of any shares of Outstanding Common Stock directly or indirectly from a Person or Group described in clause (i) provided that the Board of Directors shall have notified such Person or Group in writing that such limitation shall not apply or (iii) to any Person or Group who acquired 20% or more of any Common Stock with the prior approval of the Board of Directors.

“Partnership” means The Blackstone Group L.P., a Delaware limited partnership in existence prior to its conversion to the Corporation.

“Person” means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association (including any group, organization, co-tenancy, plan, board, council or committee), government (including a country, state, county, or any other governmental or political subdivision, agency or instrumentality thereof) or other entity (or series thereof).

“Purchase Date” means the date determined by the Corporation as the date for purchase of all Outstanding stock of a certain class (other than shares owned by the Series II Preferred Stockholder and its Affiliates) pursuant to Article IX.

“Quarter” means, unless the context requires otherwise, a fiscal quarter of the Corporation.

“Record Date” means the date established by the Board of Directors pursuant to the Bylaws.

“Record Holder” means the Person in whose name a share of Common Stock is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, or with respect to other shares of stock of the Corporation, the Person in whose name any such other share of stock of the Corporation is registered on the books, which the Corporation has caused to be kept as of the opening of business on such Business Day.

“Securities Act” means the U.S. Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

“Series I Liquidation Value” means \$0.00001 per share of Series I Preferred Stock.

“Series I Preferred Stock” has the meaning assigned to such term in Section 4.01(a)(ii).

“Series II Liquidation Value” means \$0.00001 per share of Series II Preferred Stock.

“Series II Preferred Stock” has the meaning assigned to such term in Section 4.01(a)(ii).

“Series II Preferred Stockholder” means Blackstone Group Management L.L.C. (including in its prior role and status as the Class C Stockholder of the Corporation pursuant to the Original Certificate) and any successor or permitted assign that owns the Series II Preferred Stock at the applicable time.

“Subsidiary” means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, (c) any other Person (other than a corporation or a partnership)

in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person or (d) any other Person the financial information of which is consolidated by such Person for financial reporting purposes under U.S. GAAP.

“Trading Day” has the meaning assigned to such term in Section 9.01(a).

“transfer”, when used in this Certificate of Incorporation with respect to shares of stock of the Corporation, has the meaning assigned to such term in Section 6.04(a).

“Transfer Agent” means such bank, trust company or other Person (including the Series II Preferred Stockholder or one of its Affiliates) as shall be appointed from time to time by the Board of Directors to act as registrar and transfer agent for the Common Stock.

“U.S. GAAP” means U.S. generally accepted accounting principles consistently applied.

ARTICLE XXI

[RESERVED]

ARTICLE XXII

COMPENSATION COMMITTEE

A committee of the Board of Directors designated as the “Compensation Committee” is hereby created and vested with the full power and authority of the Board of Directors to fix, and establish policies for, the compensation of officers and employees of the Corporation and its Subsidiaries. The Compensation Committee shall initially consist of one member to be designated by the Series II Preferred Stockholder, which member shall initially be Stephen Schwarzman. Thereafter, the size and the composition of the Compensation Committee shall be as determined from time to time by the Series II Preferred Stockholder, who may remove any member of the Compensation Committee from the Compensation Committee and appoint any director to the Compensation Committee to fill any vacancy or newly created membership on the Compensation Committee. Without the prior consent of the Series II Preferred Stockholder, the Board of Directors shall not be entitled to (i) exercise the power and authority vested in the Compensation Committee pursuant to this Article XXII or otherwise delegated to the Compensation Committee by the Board of Directors from time to time, (ii) limit or restrict the power and authority vested in the Compensation Committee pursuant to this Article XXII or otherwise delegated to the Compensation Committee by the Board of Directors from time to time, or (iii) change the size or composition of the Compensation Committee.

ARTICLE XXIII

MISCELLANEOUS

Section 23.01 Invalidity of Provisions. If any provision of this Certificate of Incorporation is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 23.02 Construction; Section Headings. For purposes of this Certificate of Incorporation, unless the context otherwise requires, (i) references to “Articles”, “Sections” and “clauses” refer to articles, sections and clauses of this Certificate of Incorporation and (ii) the term “include” or “includes” means includes, without limitation, and “including” means including, without limitation. Section headings in this Certificate of Incorporation are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

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AMENDED AND RESTATED BYLAWS

OF

BLACKSTONE INC.

(Effective August 6, 2021)

ARTICLE I

OFFICES

Section 1.01 Registered Office. The registered office and registered agent of Blackstone Inc. (the “Corporation”) shall be as set forth in the Certificate of Incorporation of the Corporation (as in effect from time to time, the “Certificate of Incorporation”). The Corporation may also have offices in such other places in the United States or elsewhere as the Board of Directors of the Corporation (the “Board of Directors”) may, from time to time, determine or as the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 2.01 Annual Meetings. If required, annual meetings of stockholders may be held at such place, if any, either within or without the State of Delaware, on such date and at such time as the Board of Directors shall determine. The Board of Directors may, in its sole discretion, determine that annual meetings of stockholders shall not be held at any place, but may instead be held solely by means of remote communication in accordance with Section 211(a)(2) of the General Corporation Law of the State of Delaware (the “DGCL”). The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 2.02 Special Meetings. Special meetings of stockholders may only be called in the manner provided in the Certificate of Incorporation and may be held at such place, if any, either within or without the State of Delaware, on such date and at such time, and for such purpose or purposes, as the Board of Directors shall determine and state in the notice of meeting, if any. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors subject to the requirements of the Certificate of Incorporation.

Section 2.03 Notice of Stockholder Business and Nominations.

(a) Nominations of Persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (i) pursuant to the Corporation’s notice of meeting (or any supplement thereto) delivered pursuant to Section 2.04, (ii) by or at the direction of the Board of Directors or any authorized committee thereof or (iii) by the Series II Preferred Stockholder. No stockholder

other than the Series II Preferred Stockholder shall have the right to make nominations of Persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders, except to the extent permitted by and made in accordance with the procedures set forth in this Section 2.03. Nothing in this Section 2.03 shall be deemed to provide any voting or other rights or powers to the stockholders of the Corporation, but shall instead set forth the procedures and requirements applicable to stockholders of the Corporation (other than the Series II Preferred Stockholder) with respect to bringing business before an annual meeting in circumstances in which they are entitled by law to do so. For the avoidance of doubt, nothing in this Section 2.03 shall be deemed to provide any right or power to the stockholders to bring nominations of Persons for election to the Board of Directors before a meeting of stockholders and any such nomination shall only be brought in accordance with the procedures set forth in the first sentence of this Section 2.03(a).

(b) No stockholder (other than the Series II Preferred Stockholder) may bring any business before an annual meeting unless such stockholder (i) is entitled to propose business to be brought before an annual meeting of stockholders under Delaware law, (ii) is entitled to vote at the annual meeting on such business, (iii) has complied with the notice procedures set forth in paragraphs (c) and (d) of this Section 2.03, (iv) was a stockholder of record as of the time such notice is delivered to the Secretary of the Corporation and (v) is a stockholder of record as of the Record Date for notice and voting at the annual meeting and as of the date of the annual meeting. Where any stockholder is entitled to bring any such business before an annual meeting in accordance with the first sentence of this Section 2.03(b), such stockholder may bring such business notwithstanding the first sentence of Section 2.03(a).

(c) For business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.03(b), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such business must constitute a proper matter for action by stockholders. To be timely, a stockholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 70 days, from the anniversary date of the previous year's meeting, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Public announcement of an adjournment or postponement of an annual meeting shall not commence a new time period (or extend any time period) for the giving of a stockholder's notice.

(d) Such stockholder's notice shall set forth (a) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration), the reasons for conducting such business at the annual meeting and any material interest of such stockholder, the beneficial owner, if any, on whose behalf the proposal is made, or any of their affiliates or associates, in such business, including any anticipated benefit therefrom to such stockholder, beneficial owner or their

affiliates or associates; and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner, (ii) the class or series and number of shares of stock of the Corporation which are owned, directly or indirectly, beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder (x) is a holder of record of the stock of the Corporation at the time of the giving of the notice, (y) will be entitled to vote at such meeting on the proposal of such business such stockholder intends to bring before the annual meeting and (z) will appear in person or by proxy at the annual meeting to propose such business, (iv) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group which will (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding stock required to approve or adopt the proposal and/or (y) otherwise solicit proxies or votes from stockholders in support of such proposal, (v) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation, (vi) a description of any agreement, arrangement or understanding with respect to the proposal between or among such stockholder and/or such beneficial owner, any of their respective affiliates or associates, and any others (including their names) acting in concert with any of the foregoing, (vii) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owners, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the Corporation and (viii) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal. A stockholder providing notice of business proposed to be brought before an annual meeting shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct (x) as of the record date for determining the stockholders entitled to notice of the meeting and (y) as of the date that is 15 days prior to the meeting or any adjournment or postponement thereof, provided that if the record date for determining the stockholders entitled to vote at the meeting is less than 15 days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary of the Corporation at the principal executive offices of the Corporation not later than 5 days after the record date for determining the stockholders entitled to notice of the meeting (in the case of any update and supplement required to be made as of the record date for determining the stockholders entitled to notice of the meeting), not later than 10 days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of 15

days prior to the meeting or adjournment or postponement thereof) and not later than 5 days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the day prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than 15 days prior to the date of the meeting or any adjournment or postponement thereof).

(e) Except as provided in Sections 2.03(g), 2.03(h) and 3.02, only such Persons who are nominated in accordance with the procedures set forth in Section 2.03(a) shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the Board of Directors or the chairman of the meeting shall, in addition to making any other determination that may be appropriate for the conduct of the annual meeting of stockholders, have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 2.03, unless otherwise required by law, if the stockholder making a proposal (or a qualified representative of the stockholder) does not appear at the annual meeting of stockholders of the Corporation to present such business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.03, to be considered a qualified representative of the stockholder, a Person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the annual meeting of stockholders and such Person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the annual meeting of stockholders.

(f) For purposes of this Section 2.03, public announcement may be made by any means permitted by applicable law, including disclosure in a press release, on the website of the Corporation or in a document publicly filed with the Commission pursuant to the Exchange Act and the rules and regulations of the Commission thereunder.

(g) Notwithstanding the foregoing provisions of this Section 2.03, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.03; provided, however, that, to the fullest extent permitted by law, any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to proposals as to any business to be considered pursuant to these Bylaws, and compliance with Section 2.03(b) shall be the exclusive means for a stockholder other than the Series II Preferred Stockholder to submit business to the extent permitted pursuant to Section 2.03(b).

(h) Notwithstanding anything to the contrary contained in the provisions of this Section 2.03, the Series II Preferred Stockholder shall not be subject to the notice procedures or other requirements set forth in this Section 2.03.

Section 2.04 Notice of Meetings. If required by law, whenever stockholders are required to take any action at an annual or special meeting of stockholders, a timely notice of the meeting given in writing or by electronic transmission in a manner permitted by applicable law, which shall state the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the Record Date for determining the stockholders entitled to vote at the meeting, if such date is different from the Record Date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes of the meeting, shall be mailed to or transmitted electronically as permitted by applicable law by the Secretary of the Corporation to each stockholder of record entitled to vote thereat as of the Record Date for determining the stockholders entitled to notice of the meeting. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, any such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the Record Date for determining the stockholders entitled to notice of the meeting.

Section 2.05 Inspectors of Election. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more Persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the Person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of stock of the Corporation Outstanding and the voting power of each such share, (ii) determine the shares of stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No Person who is a candidate for an office at an election may serve as an inspector at such election.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01 Powers. Except as otherwise provided in the DGCL or the Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The Board of Directors may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not directed or required by the DGCL or the Certificate of Incorporation to be exercised or done by the stockholders.

Section 3.02 Number of Directors; Removal; Vacancies and Newly Created Directorships. Subject to the rights of the holders of any then outstanding series of Preferred Stock, the Series II Preferred Stockholder shall have full authority unilaterally to approve the number of directors to constitute the Board of Directors (which number of directors may be increased or decreased solely by the Series II Preferred Stockholder). Except as otherwise provided by the Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock), the Series II Preferred Stockholder shall have full authority unilaterally to remove and replace any director, with or without cause, at any time and for any reason or no reason. Except as otherwise provided by the Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock), any directorships created as a result of an increase in the size of the Board of Directors or vacancies (whether by death, resignation, retirement, disqualification, removal or other cause) shall be filled only by the Series II Preferred Stockholder. Each director, including each appointed to fill a vacancy or newly created directorship, shall hold office until the next annual meeting of stockholders for the election of directors or action by written consent of stockholders in lieu of annual meeting for the purpose of electing directors and until such director's successor is elected and qualified or until such director's earlier death, resignation, retirement, disqualification or removal. Directors need not be stockholders.

Section 3.03 Resignations. Any director may resign at any time by giving notice of such director's resignation in writing or by electronic transmission to the Chairman of the Board of Directors or the Secretary of the Board of Directors. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the Corporation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04 Compensation. The Board of Directors shall have the authority to fix the compensation of directors or to establish policies for the compensation of directors and for the reimbursement of expenses of directors, in each case, in connection with services provided by directors to the Corporation. The directors may be paid their expenses, if any, of attendance at such meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings, or their service as committee members may be compensated as part of their stated salary as a director.

Section 3.05 Meetings; Chairman, Executive Vice Chairman, Vice Chairman and Secretary. The Board of Directors may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or, in the absence of a Chairman of the Board of Directors, by any director and shall be held at such time and at such place as shall be stated in the notice of the meeting. Notice of a special meeting of the Board of Directors shall be given (a) at least twenty-four (24) hours prior to the meeting, either personally or by telephone or by facsimile, electronic mail or other form of electronic transmission or communication or (b) at least seventy-two (72) hours prior to the meeting, by first-class mail. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. A written waiver signed by the director entitled to notice, or a waiver by electronic transmission by the director entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business nor the purpose of any meeting need be specified in any such waiver. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. The Board of Directors, with the approval of the Series II Preferred Stockholder, may appoint a "Chairman," "Executive Vice Chairman," "Vice Chairman" and "Secretary" of the Board of Directors. At each meeting of the Board of Directors, the Chairman of the Board of Directors or, in the Chairman of the Board of Directors' absence, the Executive Vice Chairman of the Board of Directors or, in the Executive Vice Chairman of the Board of Directors' absence, the Vice Chairman of the Board of Directors or, in the Vice Chairman of the Board of Directors' absence, a director chosen by a majority of the directors present, shall act as chairman of the meeting. In case the Secretary of the Board of Directors shall be absent from any meeting of the Board of Directors, a director chosen by a majority of the directors present shall act as secretary of the meeting.

Section 3.06 Quorum; Voting; Adjournment. Subject to the requirements of the Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the then total number of directors shall constitute a quorum for the transaction of business and, except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.07 Intentionally Omitted.

Section 3.08 Committees; Committee Rules. The Board of Directors may, by resolution or resolutions, designate one or more committees, each committee to consist of one or more of the directors of the Corporation, which, to the extent provided in such resolution or resolutions, shall have and may exercise, subject to applicable law, the Certificate of Incorporation and these Bylaws, the powers and authority of the Board of Directors. A majority of all the members of any such committee shall constitute a quorum for the transaction of business by the committee. A majority of all the members of any such committee present at a meeting at which a quorum is present may determine its action and fix the time and place, if any, of its meetings and specify what notice thereof, if any, shall be given, unless the Board of Directors shall otherwise provide. Except as otherwise provided by the Certificate of Incorporation, the Board of Directors shall have the power to change the members of any such committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time. Except as otherwise provided in the Certificate of Incorporation, the Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 3.09 Remote Meeting. Unless otherwise restricted by the Certificate of Incorporation, members of the Board of Directors, or members of any committee designated by the Board of Directors, may participate in meetings of the Board of Directors, or any committee thereof, by means of telephone conference or other communications equipment that allows all Persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.10 Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting by the Board of Directors or any committee thereof, as the case may be, may be taken without a meeting if a consent thereto is signed or transmitted electronically, as the case may be, by all members of the Board of Directors or of such committee, as the case may be, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form or shall be in electronic form if the minutes are maintained in electronic form.

Section 3.11 Reliance on Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of such Person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other Person as to matters the member reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE IV

OFFICERS

Section 4.01 Appointment, Selection and Designation of Officers Other Than Chief Executive Officer. The Chief Executive Officer(s) may, from time to time as they deem advisable, select natural persons and designate them as officers of the Corporation (together with the chief executive officers, the “Officers”) and assign titles (including, without limitation, “chief operating officer,” “chief financial officer,” “chief legal officer,” “chief administrative officer,” “chief compliance officer,” “principal accounting officer,” “chairman,” “senior chairman,” “executive vice chairman,” “vice chairman,” “president,” “vice president,” “treasurer,” “assistant treasurer,” “secretary,” “assistant secretary,” “general manager,” “senior managing director,” “managing director” and “director”) to any such persons. Subject to any consent rights of the Series II Preferred Stockholder set forth in the Certificate of Incorporation, an Officer may be removed with or without cause by the Board of Directors. Any vacancies occurring in any office other than the offices of Chief Executive Officer may be filled by the Chief Executive Officer(s) in the same manner as such officers are appointed and selected pursuant to this Section 4.01.

Section 4.02 Delegation of Duties. Unless the Board of Directors determines otherwise, if a title is one commonly used for officers of a corporation formed under the DGCL, the assignment of such title shall constitute the delegation to such Person of the authorities and duties that are normally associated with that office. The Board of Directors may delegate to any officer any of the Board of Director’s powers to the extent permitted by applicable law, including the power to bind the Corporation. Any delegation pursuant to this Section 4.02 may be revoked at any time by the Board of Directors.

Section 4.03 Officers As Agents. The officers, to the extent of their powers set forth under applicable law, the Certificate of Incorporation or these Bylaws or otherwise vested in them by action of the Board of Directors not inconsistent with applicable law, the Certificate of Incorporation or these Bylaws, are agents of the Corporation for the purpose of the Corporation’s business and the actions of the officers taken in accordance with such powers shall bind the Corporation.

ARTICLE V

STOCK

Section 5.01 List of Stockholders Entitled To Vote. The Corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, that if the Record Date for determining the stockholders entitled to vote at the meeting is less than 10 days before the date of the meeting, the list shall reflect the stockholders entitled to vote at the meeting as of the 10th day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting at least 10 days prior to the meeting (a) on a reasonably accessible electronic network, provided that the information

required to gain access to such list is provided with the notice of meeting, if any, or (b) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting, if any, if required by law. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 5.01 or to vote in Person or by proxy at any meeting of stockholders.

Section 5.02 Fixing Date for Determination of Stockholders of Record.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a Record Date, which Record Date shall not precede the date upon which the resolution fixing the Record Date is adopted by the Board of Directors, and which Record Date shall, unless otherwise required by law, not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the Record Date for determining the stockholders entitled to vote at or attend such meeting unless the Board of Directors determines, at the time it fixes such Record Date, that a later date on or before the date of the meeting shall be the date for making such determinations. If no Record Date is fixed by the Board of Directors, the Record Date for determining stockholders entitled to notice of or to vote at or attend a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at or attend a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new Record Date for determination of stockholders entitled to vote at or attend the adjourned meeting, and in such case shall also fix as the Record Date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at or attend the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to express consent to corporate action in writing without a meeting, the Board of Directors may fix a Record Date, which Record Date shall not precede the date upon which the resolution fixing the Record Date is adopted by the Board of Directors, and which Record Date shall not be more than 10 days after the date upon which the resolution fixing the Record Date is adopted by the Board of Directors. If no Record Date for determining stockholders entitled to express consent to corporate action in writing without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law, the Record Date for such purpose shall

be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the Record Date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a Record Date, which Record Date shall not precede the date upon which the resolution fixing the Record Date is adopted, and which Record Date shall not be more than 60 days prior to such action. If no such Record Date is fixed, the Record Date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE VI

FORUM SELECTION

Section 6.01 Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, stockholder or employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (as either may be amended and/or restated from time to time) or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by applicable law, be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States of America, including, in each case, the applicable rules and regulations promulgated thereunder. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article VI.

ARTICLE VII

DEFINITIONS

Section 7.01 Definitions. Terms used in these Bylaws and not defined herein shall have the meanings assigned to such terms in the Certificate of Incorporation.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Electronic Transmission. For purposes of these Bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 8.02 Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation.

Section 8.03 Construction; Section Headings. For purposes of these Bylaws, unless the context otherwise requires, (i) references to “Articles”, “Sections” and “clauses” refer to articles, sections and clauses of these Bylaws and (ii) the term “include” or “includes” means includes, without limitation, and “including” means including, without limitation. Section headings in these Bylaws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 8.04 Inconsistent Provisions. In the event that any provision of these Bylaws is or becomes inconsistent with any provision of the Certificate of Incorporation, the DGCL or any other applicable law, such provision of these Bylaws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE IX

AMENDMENTS

Section 9.01 Amendments. Except as provided in Section 9.02 of these Bylaws or the Certificate of Incorporation, the Board of Directors is expressly authorized to adopt, amend and repeal, in whole or in part, these Bylaws without the assent or vote of the stockholders in any manner not inconsistent with the DGCL or the Certificate of Incorporation.

Section 9.02 Series II Preferred Stockholder Approval. In addition to any vote or consent required by the Certificate of Incorporation, these Bylaws or applicable law, the amendment or repeal, in whole or in part, of Sections 2.03, 3.02 through 3.11, Article IV and this Article IX, or the adoption of any provision inconsistent therewith, shall require the prior approval of the Series II Preferred Stockholder.

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Chief Executive Officer Certification

I, Stephen A. Schwarzman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 of Blackstone Inc.;
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: August 6, 2021

/s/ Stephen A. Schwarzman

Stephen A. Schwarzman

Chief Executive Officer

Chief Financial Officer Certification

I, Michael S. Chae, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 of Blackstone Inc.;
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: August 6, 2021

/s/ Michael S. Chae

Michael S. Chae
Chief Financial Officer

**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 Quarterly Report of Blackstone Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen A. Schwarzman, Chief Executive Officer of the Company, 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 Company.

Date: August 6, 2021

/s/ Stephen A. Schwarzman

Stephen A. Schwarzman
Chief Executive Officer

* 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.

**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 Quarterly Report of Blackstone Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael S. Chae, Chief Financial Officer of the Company, 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 Company.

Date: August 6, 2021

/s/ Michael S. Chae

Michael S. Chae

Chief Financial Officer

* 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.