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THE CARLYLE GROUP

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GLOBAL ALTERNATIVE ASSET MANAGEMENT

# The Carlyle Group Investor Presentation

May 2016

# Important Information

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The fund return information reflected in this presentation is not indicative of the performance of The Carlyle Group L.P. and is also not necessarily indicative of the future performance of any particular fund. There can be no assurance that any of Carlyle’s funds or its other existing and future funds will achieve similar returns. See “Risk Factors — Risks Related to Our Business Operations — The historical returns attributable to our funds, including those presented in this report, should not be considered as indicative of the future results of our funds or of our future results or of any returns expected on an investment in our common units” in the Annual Report. As used throughout this document, and unless otherwise indicated, “Gross IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest, which will reduce returns and, in the aggregate are substantial. “Net IRR” represents the annualized internal rate of return for the period indicated on limited partner invested capital based on contributions, distributions and unrealized value after management fees, expenses and carried interest (but not taxes borne by investors). “Gross MOIC” represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital. An investment is considered realized when the investment fund has completely exited, and ceases to own an interest in, the investment. An investment is considered partially realized when the total proceeds received in respect of such investment, including dividends, interest or other distributions and/or return of capital represents at least 85% of invested capital and such investment is not yet fully realized. In considering investment performance information contained in this presentation, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that Carlyle or any Fund will achieve comparable results. Actual realized value of currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized values of unrealized investments may differ materially from the values indicated herein. Unless otherwise specified, LTM, or last twelve months refers to the period of Q2 2015 through Q1 2016, and the prior rolling 12-month period refers to the period Q2 2014 to Q1 2015.

Detailed information about Carlyle’s management fees and performance fees is available in Carlyle’s public filings. Please note that certain metrics and projections contained in this Presentation include the Legacy Energy Funds, funds advised by NGP Energy Capital Management and Carlyle’s hedge funds. Please note that the Legacy Energy Funds (as defined in Carlyle’s public filings), are managed with Riverstone Holdings LLC and its affiliates. Affiliates of both Carlyle and Riverstone act as investment advisers to each of the Legacy Energy Funds. Currently, Carlyle is only entitled to carried interest and management fees in certain funds advised by NGP Energy Capital Management. The NGP Energy Capital Management funds which solely earn management fees are referred to herein as “NGP management fee funds.” With respect to certain of our hedge funds (Claren Road Asset Management and Emerging Sovereign Group and Carlyle Commodity Management), Carlyle has a specified percentage of the earnings of the businesses based on Carlyle’s ownership in the management companies. This presentation includes comparisons to certain private equity returns to MSCI World Index and other indexes and such comparisons are provided for informational purposes only. The private equity returns do not represent the performance of any Fund or family of Funds. Recipients should not infer that any Fund is top quartile. There are significant differences between the types of securities and assets typically acquired by U.S. and global buyout funds, the investments covered by the indexes.

For purposes of the non-financial operating and statistical data included in this presentation, including the aggregation of our non-U.S. dollar denominated investment funds, foreign currencies have been converted to U.S. dollars at the spot rate as of the last trading day of the reporting period when presenting period end balances, and the average rate for the period has been utilized when presenting activity during such period. With respect to capital commitments raised in foreign currencies, the conversion to U.S. dollars is based on the exchange rate as of the date of closing of such capital commitment. This presentation includes certain Non-GAAP financial measures, including Distributable Earnings (“DE”) and EBITDA. These Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measured prepared in accordance with GAAP. Please see Carlyle’s public filings for the definition of “carry funds,” “Fee-earning assets under management” or “Fee-earning AUM,” (FEAUM), and “Assets under management” or “AUM.”

For purposes of the non-financial operating and statistical data included in this presentation, including the aggregation of our non-U.S. dollar denominated, investment funds, foreign currencies have been converted to U.S. dollars at the spot rate as of the last trading day of the reporting period and the average spot rate for the period has been utilized when presenting multiple periods. With respect to capital commitments raised in foreign currencies, the conversion to U.S. dollars is based on the exchange rate as of the date of closing of such capital commitment. This presentation includes certain Non-GAAP financial measures, including Economic Net Income (ENI) and Distributable Earnings (DE). These Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP.

# Carlyle is a Leading Global Alternative Asset Manager

## Corporate Private Equity

Buyout ◦ Growth

\$61.1 bn AUM • \$40.9 bn FEAUM • \$709 mm DE (LTM)

## Real Assets

Real Estate ◦ Global Energy ◦ Power  
Infrastructure

\$36.7 bn AUM • \$30.7 bn FEAUM • \$154 mm DE (LTM)

**\$130.3 bn  
FEAUM**

— THE CARLYLE GROUP —

**\$904 mm DE  
(LTM)**

## Global Market Strategies

Structured Credit ◦ Distressed ◦ Mezzanine  
Energy Mezzanine ◦ Hedge Funds ◦ BDC

\$34.0 bn AUM • \$28.6 bn FEAUM • \$31 mm DE (LTM)

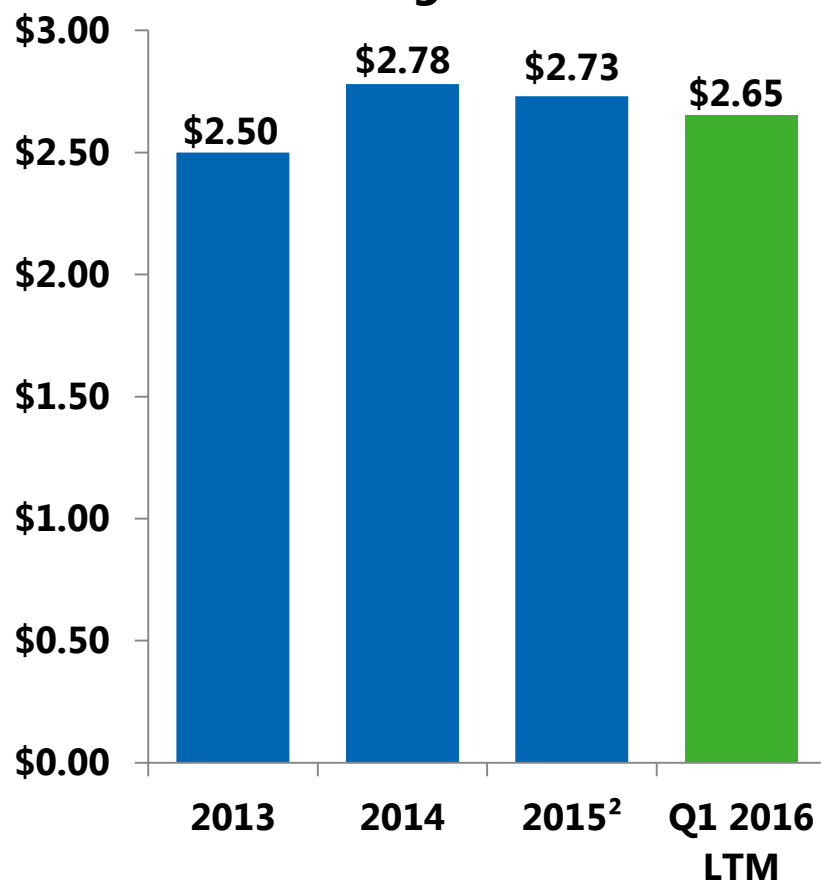
## Investment Solutions

Fund of Funds ◦ Secondaries  
Separately Managed Accounts

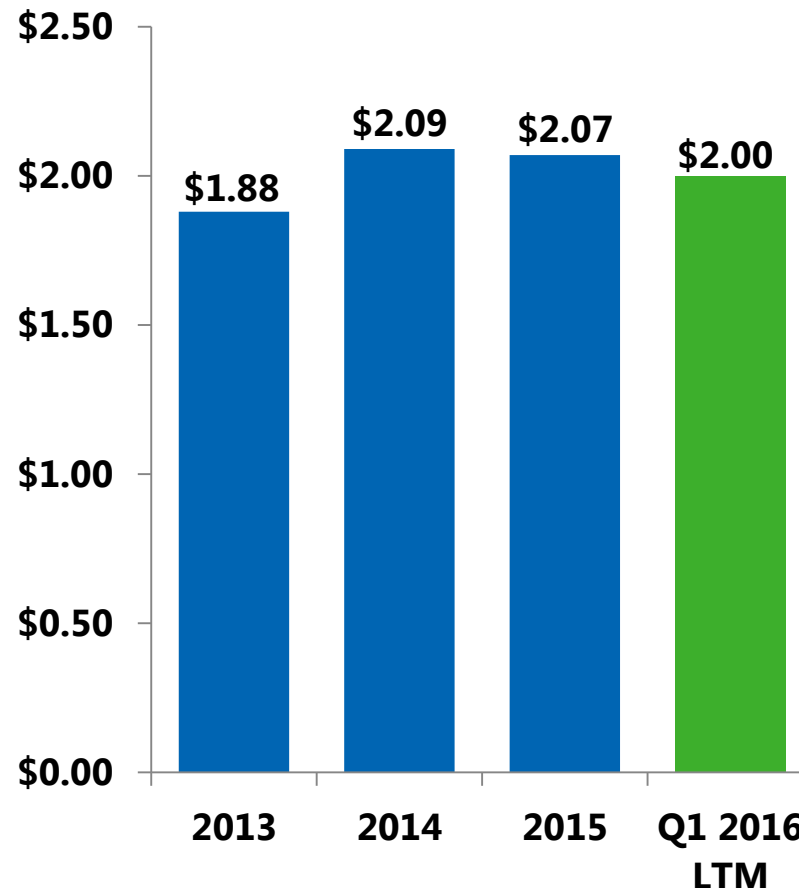
\$46.3 bn AUM • \$30.2 bn FEAUM • \$10 mm DE (LTM)

# Cash Earnings and Unitholder Distributions Highlight Unit Attraction

## Post-Tax Distributable Earnings Per Unit



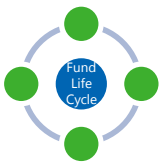
## Distribution Per Common Unit <sup>1</sup>



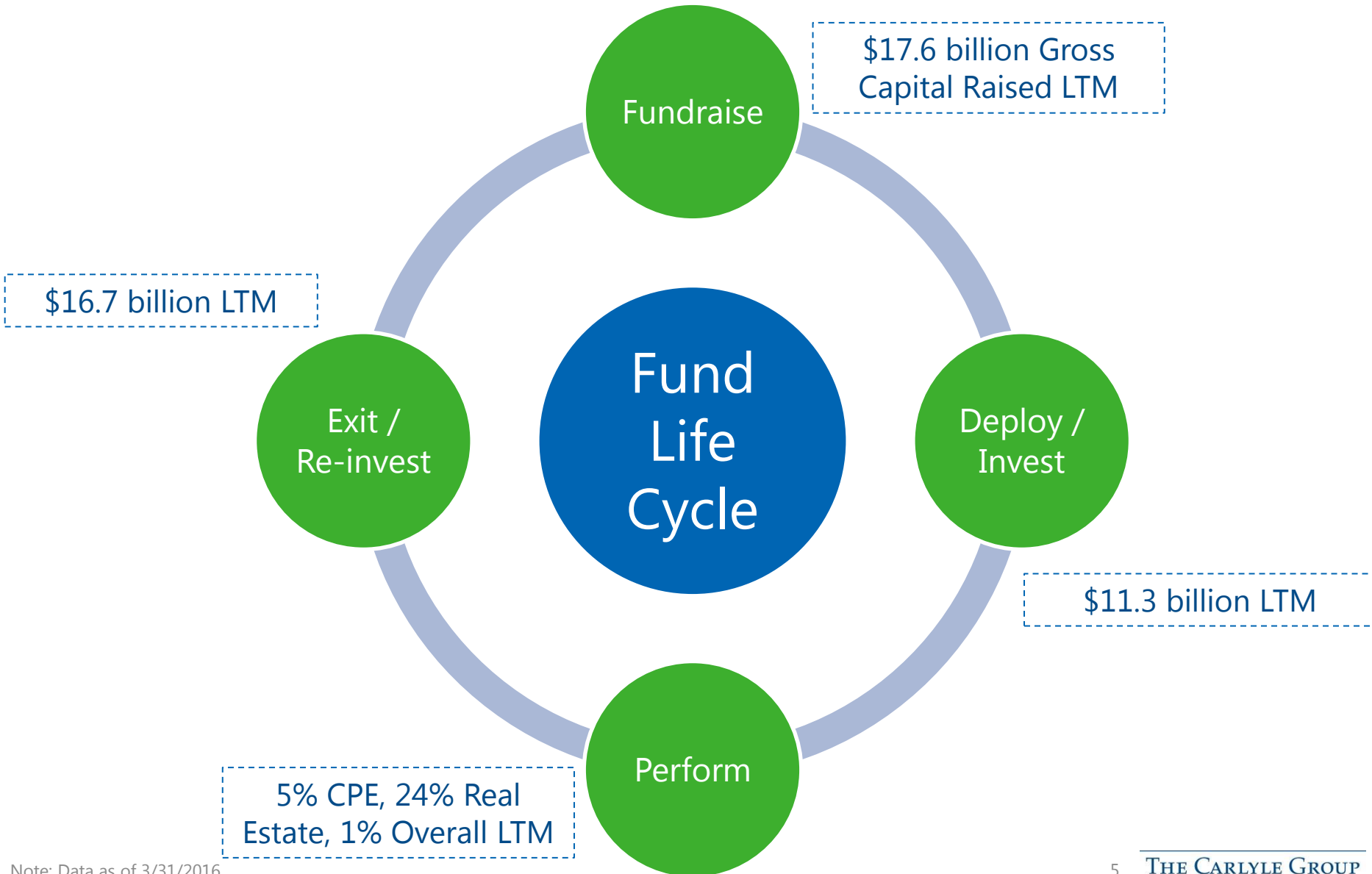
Note: Data as of 3/31/2016.

1) Effective 3/31/2015, Carlyle's distribution policy was modified to a quarterly distribution of approximately 75% of post-tax Distributable Earnings per common unit. Previously, Carlyle paid out \$0.16 per quarter with a true up distribution announced with fourth quarter earnings. This presentation assumes a 75% payout ratio of post-tax Distributable Earnings per unit had been in effect in all periods.

2) 2015 Distributable Earnings included an \$80 million charge for a non-recurring French tax matter in Q1 2015. Excluding this charge, 2015 Distributable Earnings per unit would have been \$2.97 per unit.



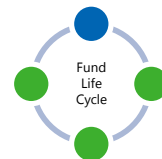
# The Core Drivers of Our Firm Continue to Operate at High Levels



Note: Data as of 3/31/2016.

Note: For illustrative purposes only. Deployment, performance and exit amounts represent carry fund activity only.

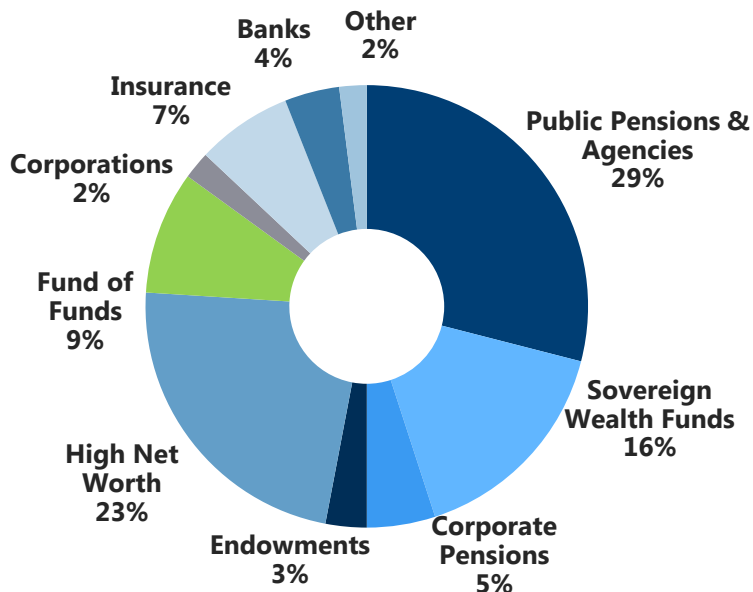
# Breadth of Fundraising Resources and Capabilities Drive New Investor Relationships



- More than 1,700 fund investors from 79 countries
- More than 275 new fund investors over past 3 years have committed \$6.9 billion
- 62% of fund investor capital is invested across six or more carry funds, up from 50% in 2006

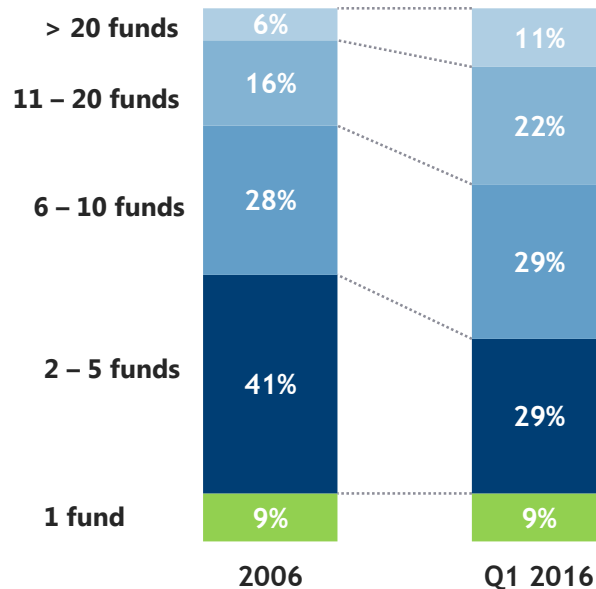


## Diverse Source of Capital Commitments



## Cross Selling Across Funds<sup>1</sup>

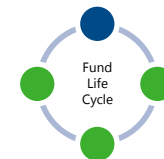
% of \$ Commitments Across Multiple Funds



Note: Data as of 3/31/2016.

Number of fund investors for prior years is shown as of September 30<sup>th</sup> of each year.

1) Percentage of capital committed by investors to active carry funds, segmented by the number of active carry funds in which the investors were committed as of 12/31/2006 and 3/31/2016.



# Strong Fundraising Has Reloaded Our Carry Fund Platform

	<b>Current Fund Size (\$bn)</b>	<b>Year of Final Close</b>	<b>Current Dry Powder (\$bn)</b>
US Buyout	\$13.0	2013	\$7.0
Europe Buyout	€3.7	2015	€2.2
Asia Buyout	\$3.9	2014	\$2.0
Japan Buyout	¥119.5	2015	¥58.6
Financial Services Buyout	\$1.0	2015	\$0.7
US Equity Opportunities	\$2.4	2016	\$1.9
Europe Technology	€0.7	2015	€0.1
US Real Estate	\$4.2	2015	\$2.7
Power <sup>1</sup>	\$1.5	2016	\$1.3
International Energy	\$2.5	2015	\$2.0
NGP	\$5.3	2015	\$4.5
Energy Mezzanine <sup>2</sup>	\$2.7	2016	\$2.5
Distressed & Corporate Opportunities <sup>2</sup>	\$0.7	2017	\$0.7

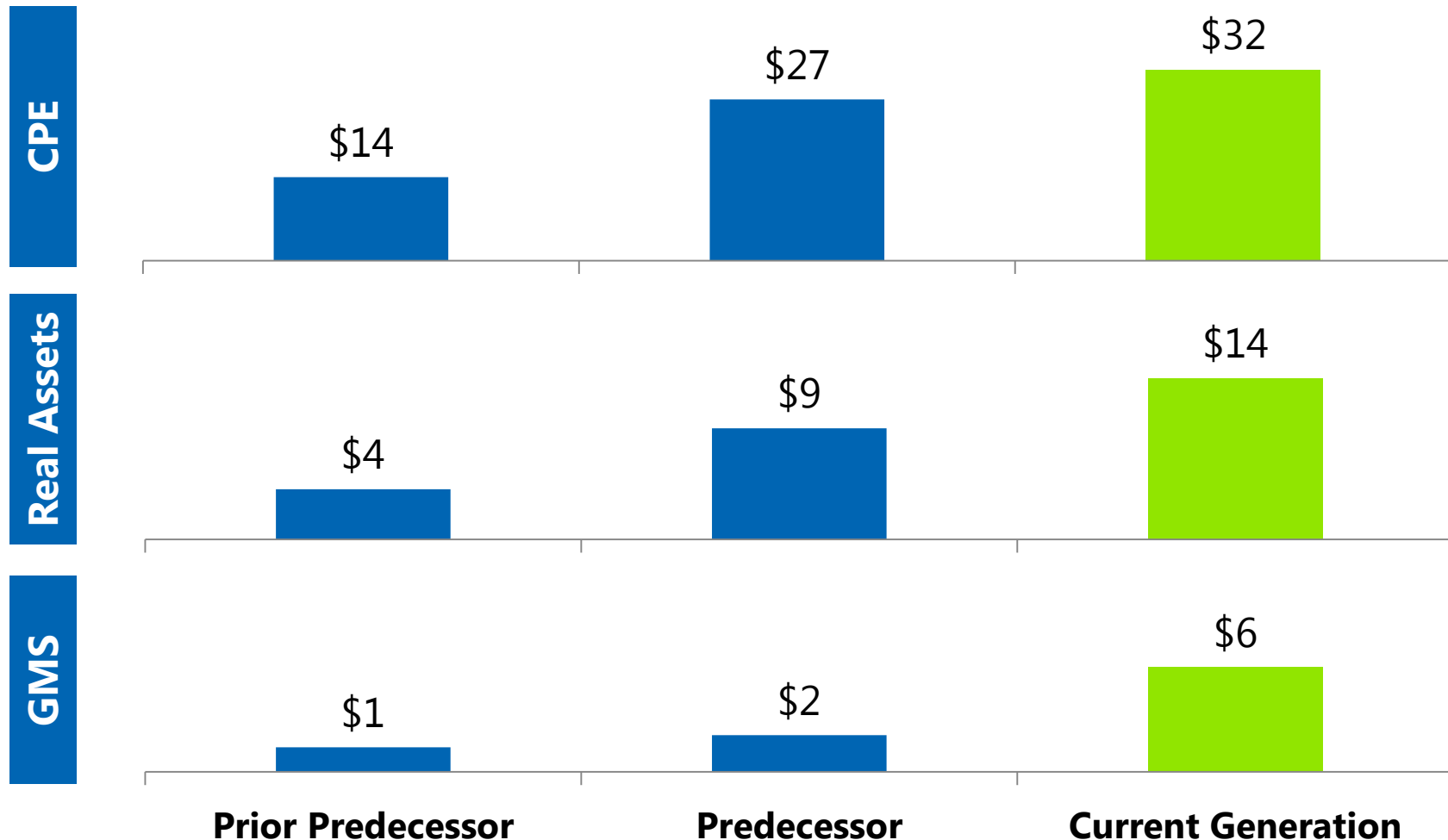
Note: Data as of 3/31/2016, except where otherwise noted.

1. Final close for current fund took place in early April 2016

2. Funds are currently in fundraising period. Current Fund Size reflects commitments raised as of 5/6/16, and Year of Final Close reflects the end of the fundraising period.

# Scaling Our Carry Fund Platform Increases Earnings Capacity

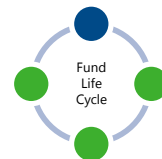
## Total Fund Commitments (USD in \$ billions)



Note: Data as of 3/31/2016. Non-USD funds translated at the 3/31/2016 spot rate. There is no guarantee these trends will continue. For details on the funds included in each generation, please see slides 21,24, and 28.

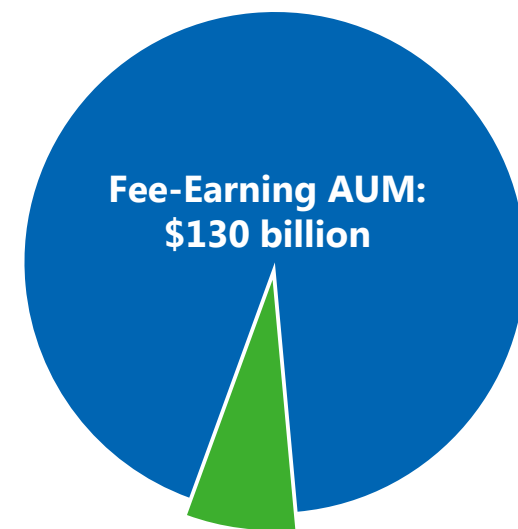


# More Than 90% of Fee-Earning AUM Locked Into Long Term Fund Structures



	AUM (\$ bn)	Fee- Earning AUM (\$ bn)	Avg Fee Rate (bps)	LTM Mgmt Fee Rev <sup>1</sup> (\$ mm)	Fund / Fee Duration
<b>Carry Funds</b>	\$104.6	\$75.6	100 - 150	\$865	Long Term
<b>Credit (Non- carry fund)</b>	\$20.9	\$18.6	40 - 75	\$89	Long Term
<b>Investment Solutions (funds &amp; vehicles)</b>	\$46.3	\$30.2	50-75	\$150	Long Term
<b>Hedge Funds</b>	\$6.3	\$5.7	125 - 200	\$78	Available For Periodic Redemption
<b>Total</b>	<b>\$178.1</b>	<b>\$130.1</b>	<b>~90-100</b>	<b>\$1,181</b>	<b>More Than 90% of Fee-Earning AUM in longer dated funds</b>

Long Term, locked  
up fund structures  
**94%**

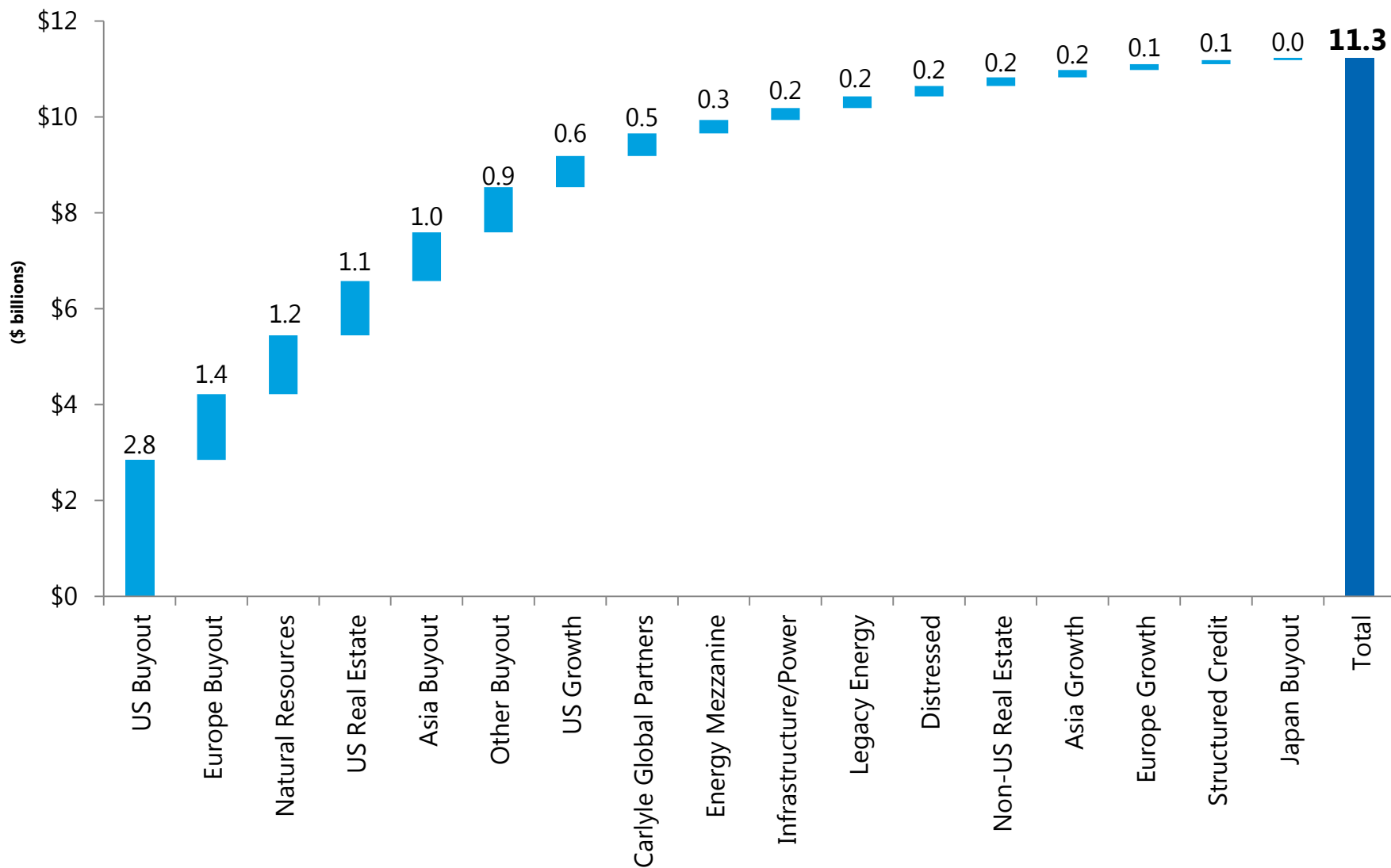
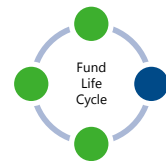


Available for periodic  
redemption  
**6%**

Note: Data as of 3/31/2016.

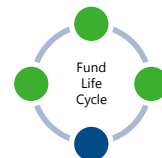
1) Includes only Carlyle's consolidated share of revenue ownership. Reflects LTM management fee revenue.

# Carlyle Has Invested \$11.3 Billion Over the Past Year Across A Wide Diversity of Geographies and Strategies



Note: Carlyle carry fund investment only. Period of investment is Q2 2015 to Q1 2016.

# CPE & Real Estate Investment Performance Remains Strong, While Declining Energy Prices Have Impacted Returns in Other Funds



		Annual Fund Returns			LTM (2Q15- 1Q16)
		2013	2014	2015	
<b>Overall Carry Fund <sup>1</sup> Appreciation</b>		<b>20%</b>	<b>15%</b>	<b>7%</b>	<b>1%</b>
<b>Corporate Private Equity</b>	<b>Corporate Private Equity</b>	<b>30%</b>	<b>23%</b>	<b>13%</b>	<b>5%</b>
	Buyout	30%	23%	13%	5%
	Growth	32%	25%	14%	8%
<b>Real Assets</b>	<b>Real Assets</b>	<b>1%</b>	<b>(2%)</b>	<b>(3%)</b>	<b>(4%)</b>
	Real Estate	4%	18%	27%	24%
	Natural Resources	n/a	(13%)	(3%)	(6%)
	Legacy Energy (Riverstone Funds)	(2%)	(12%)	(26%)	(25%)
<b>Global Market Strategies</b>	<b>GMS Carry Funds</b>	<b>28%</b>	<b>20%</b>	<b>(8%)</b>	<b>(24%)</b>

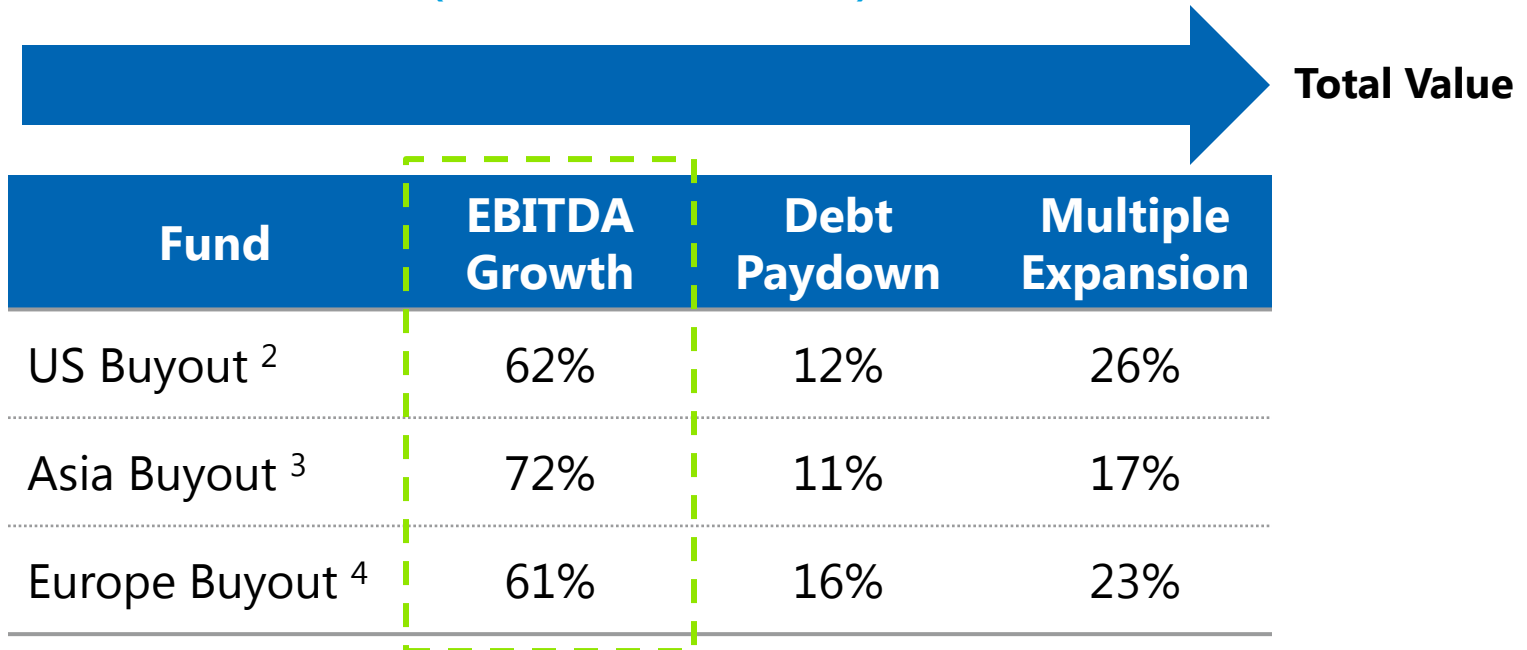
Note: Data as of 3/31/2016. Only previously disclosed data presented, other periods marked as not available.

1) Please see Carlyle's filings with the U.S. Securities & Exchange Commission for the definition of "carry funds".

# CPE Portfolio Company Earnings Growth Drives Value Creation

## Drivers of Value Creation <sup>1</sup> (% of Value Created)

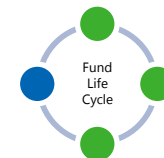
**Equity  
Invested**



**Total Value**

- 1) Includes both realized & unrealized deals for US Buyout, & includes only realized & partially realized deals for Europe Buyout. Asia buyout only reflects realized & partially realized investments, but includes the unrealized portion of partially realized investments. On the unrealized portion of partially realized investments, actual realized values may differ from the estimated values on which this slide is based. Past performance is not indicative of future results & there is no guarantee these trends will continue. See "Important Information" at the beginning of this presentation.
- 2) As of 12/31/2015 or most recent data available. Illustrates the source of value creation on all deals currently valued at greater than 1.0x in CP IV & CP V. Excludes coinvestment in deals acquired by CP IV & CP V.
- 3) As of 12/31/2015 or most recent data available. Excludes co-investment.
- 4) As of 12/31/2015 or most recent data available. Includes all fully realized & partially realized CEP transactions since inception with the exception of Bredbandsbolaget AB (venture led deal which is not representative of CEP strategy). The losses from realized transactions that have returned < 0.5x cost have been allocated to EBITDA growth, deleveraging, & multiple expansion on a pro-rata basis. Excludes co-investment.

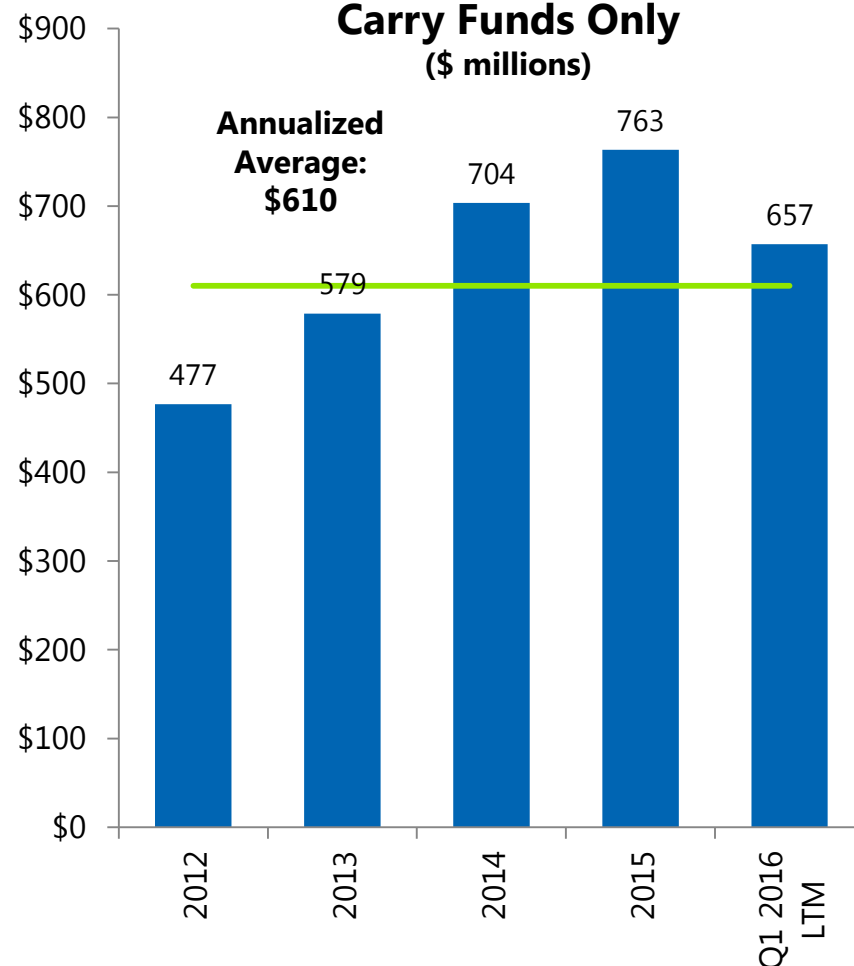
# Carry Fund Realized Proceeds Have Been Consistent, Net Realized Performance Fee Generation Accelerated Through 2015



**Realized Proceeds <sup>1</sup>**  
(\$ billions)



**Net Realized Performance Fees <sup>2</sup>**  
**Carry Funds Only**  
(\$ millions)



Note: Data as of 3/31/2016. There is no guarantee these trends will continue.

1) Realized Proceeds for carry funds only.

2) Net Realized Performance Fees are for carry funds only, and do not include realized performance fees from credit funds, hedge funds, fund of funds vehicles, or other Carlyle funds.

# A Hypothetical Look at Future Carry Fund Performance Fees

**Carry Fund Platform Has Significant Capital at Work...**

**And Reloaded Funds to Deploy...**

**Current Remaining Fair Value in Carry Funds <sup>1</sup>** **\$58 billion**

**Carry Fund Dry Powder** **\$43 billion**

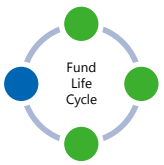
**...Which Can Drive Significant Performance Fees in the Coming Years <sup>2</sup>**

If exit @ **1.75-2.25x** average investment performance....

= **\$6 - 10** billion in Net Realized Performance Fees over the next decade with additional upside from new funds/fundraising

Note: Data as of 3/31/16. Hypothetical example presented for illustrative purposes only. There can be no assurances that funds will perform as expected or that the above noted results will occur. Management takes no obligation to update future performance of this example See "Important Information" for more information on the use of, and reliance on, projections.

- 1) Current Multiple of Invested Capital (MOIC) of remaining fair value is 1.2x as of 3/31/16.
- 2) Hypothetical net gains driving this example are based on assumptions for the percentage of capital eligible to earn carry, management fee impact in the carry waterfall and % of funds in carry at the time of realization.



# Accrued Carry Inventory Supports Healthy Realizations

With over \$1.3 billion in net accrued carry, Carlyle remains well positioned to deliver strong realized performance fees

(\$mm)	Net Accrued Performance Fees (NAPF, beginning of year)	Net Realized Performance Fees	% of NAPF realized
2011	1,050	678	65%
2012	1,036	501	48%
2013	1,200	675	56%
2014	1,823	733	40%
2015	1,752	789	45%
2016 LTM	1,315	680	52%

## Well Positioned to Continue to Deliver Solid Economic Results

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**\$904 million** in Distributable Earnings over the last 12 months resulting in **\$2.00** in unitholder distributions

**\$43 billion in carry fund dry powder** and \$57 billion overall to deploy globally on an opportunistic basis

**\$1.3 billion in Net Accrued Performance Fees** across all segments and funds

Leading carry fund **Investment Performance**: 5% Corporate Private Equity and 24% Real Estate on an LTM basis

**Raised \$18 billion in gross capital** and **Realized Proceeds of \$17 billion** for fund investors over the past 12 months

**\$200 million unit repurchase** authorized in 1Q 2016

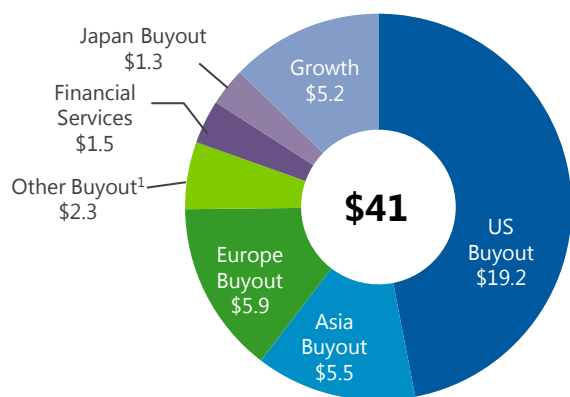
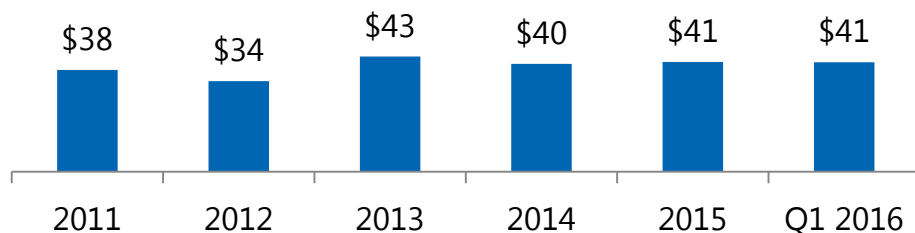


# Corporate Private Equity

(CPE)

# Scaled CPE Platform With Superior Long Term Performance, Positioned to Deliver Strong Cash Flow In the Future

## Fee-Earning Assets Under Management (\$ bn)



## Financial Metrics (\$ mm)

	2013	2014	2015	LTM Q1 2016
Fee Related Earnings	\$9	\$129	\$106	\$116
Net Realized Perf. Fees	513	644	669	567
Distributable Earnings	538	790	798	709

## Key Points

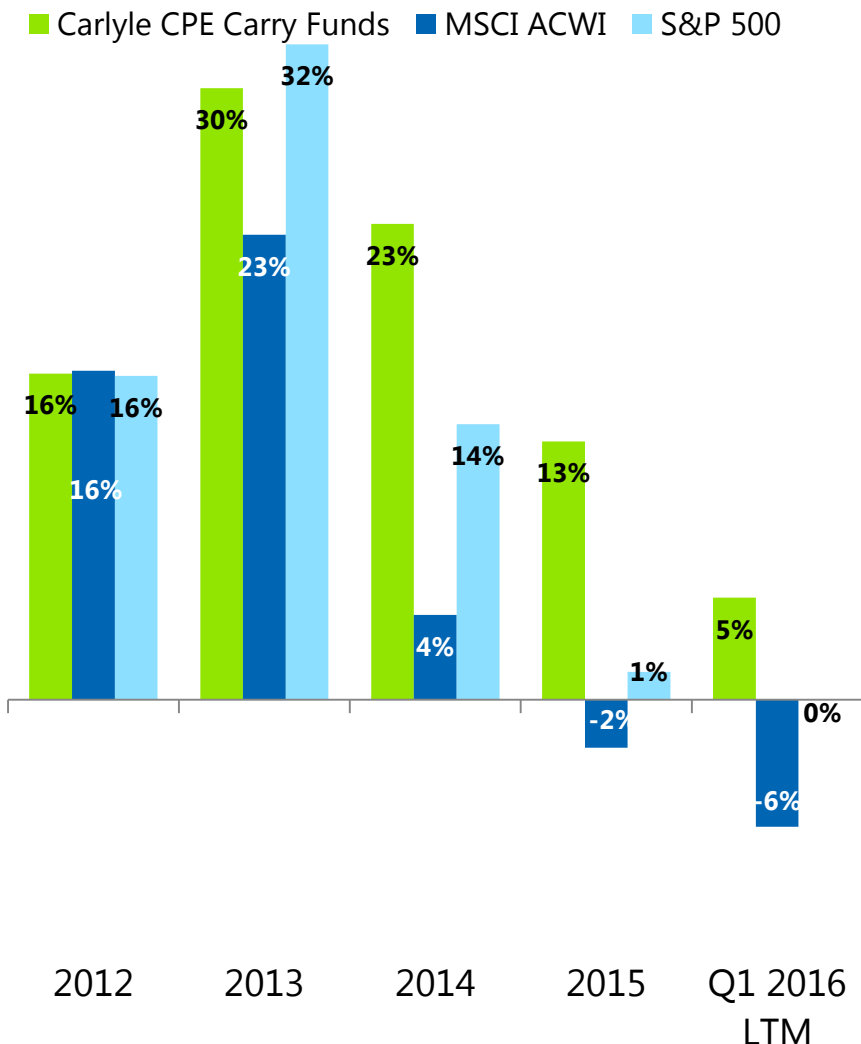
- ❑ **Superior, diversified track record**
  - 2.6X MOIC on realized and partially realized investments
  - 13 significant fund families
  - Experience across multiple deployment and exit cycles
- ❑ **Positioned to deliver future performance fees**
  - \$38 bn remaining fair value (as of 1Q16)
  - 34% of RMFV invested prior to 2012
- ❑ **Successor funds and new funds building a superior CPE platform**
  - Significant funds have been reloaded in past three years
  - \$23.1 bn of dry powder (as of 1Q16)

Note: Data as of 3/31/2016.

1) Comprised of Carlyle Global Partners (\$0.4b), MENA Buyout (\$0.2b), Peru Buyout (\$0.2b), South America Buyout (\$0.6b) and Sub-Saharan Africa Buyout (\$0.6b)

# CPE Carry Fund Returns Remain Exceptional, Materially Outpacing Global Equity Indices

## Annual Carry Fund Performance



- Carlyle carry funds have consistently outperformed global equity indices (1,500 bps outperformance in 2015)
- 2.6X multiple of invested capital (MOIC) and a 29% gross IRR on realized/partially realized CPE investments since inception
- Recent funds remain high performers

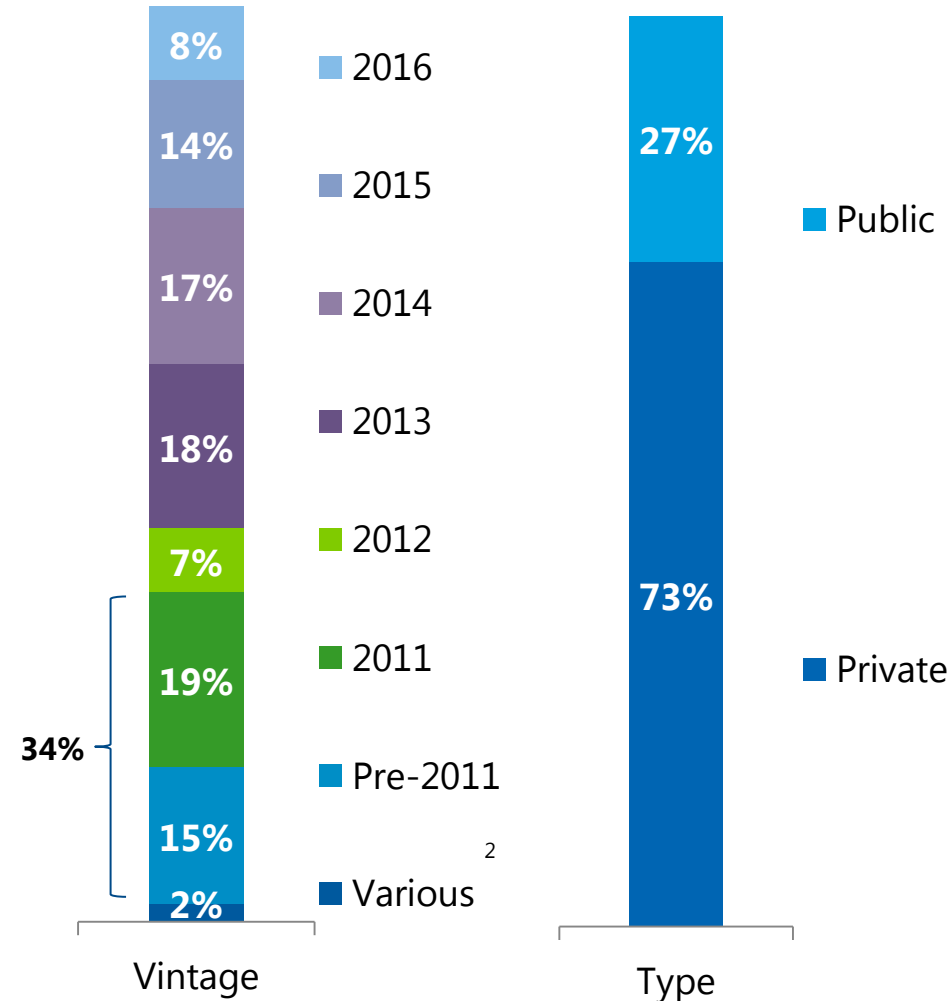
Fund	Inception Year	R/PR <sup>1</sup> MOIC	R/PR <sup>1</sup> Gross IRR
CP V	2007	2.6X	27%
CEP III	2006	2.5X	22%
CAP III	2008	1.9X	20%
FIG I	2008	2.3X	27%
CEOF I	2011	2.9X	53%

Note: Data as of 3/31/2016. See "important Information" for information about the comparison to indexes

1) Realized/partially realized investments.

## CPE Investments Remain Well Diversified Across Age and Public/Private

### Remaining Fair Value of CPE Carry Fund Portfolio<sup>1</sup> - \$38 billion



“Aging” of CPE investments remains diversified across years with 34% of RMFV more than four years old

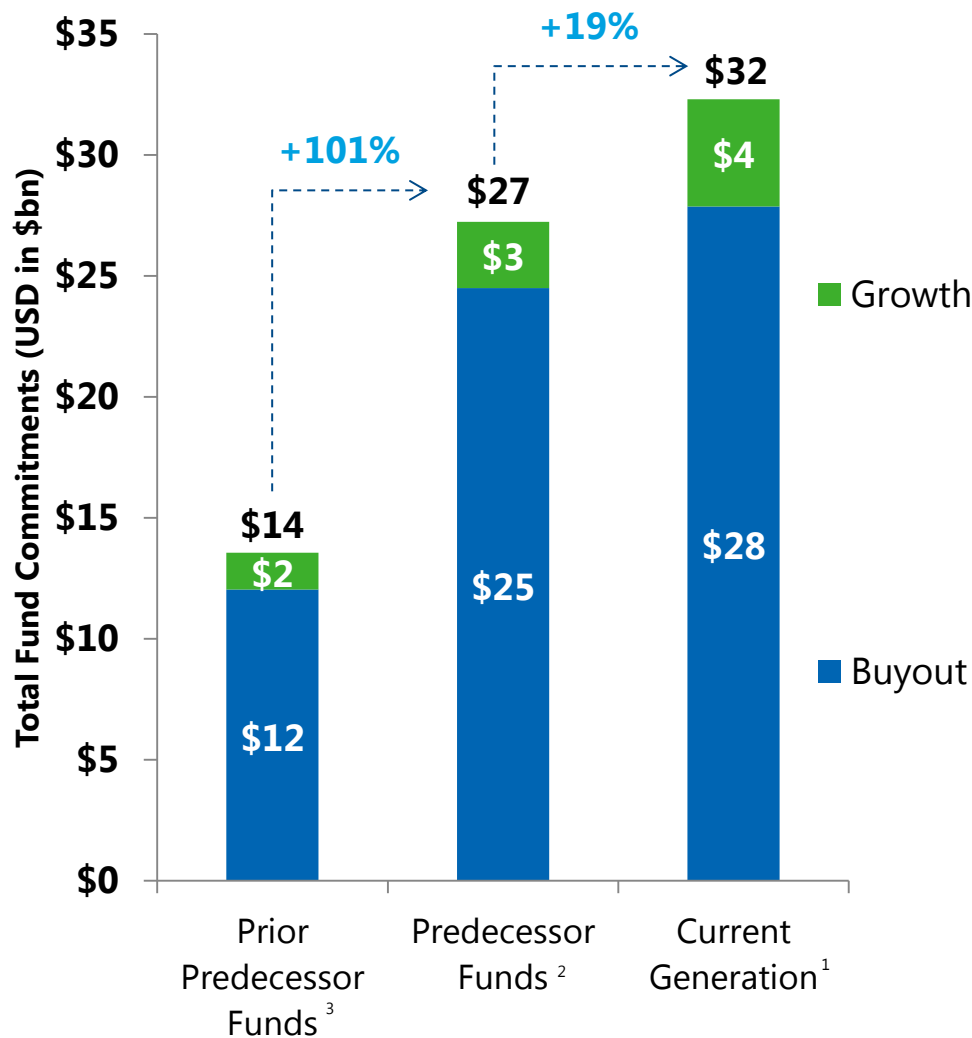
Diverse set of public and private remaining investments supports continuous exit pipeline

Note: Data as of 3/31/16.

1) Fair value of remaining carry fund capital in the ground; Totals may not sum due to rounding.

2) Various includes cash on hand balances as of 3/31/2016, including, among other items, cash for deals where capital was called but not yet invested, and certain cash from investments that were exited but not yet distributed.

## Larger Funds & New Products Drive Increased Scale Across CPE



New and successive buyout and growth funds help build superior global CPE scale and reach

Current generation and new funds are 19% larger than prior set of funds

Note: Data as of 3/31/2016. Non-USD funds translated at the 3/31/2016 spot rate. There is no guarantee these trends will continue.

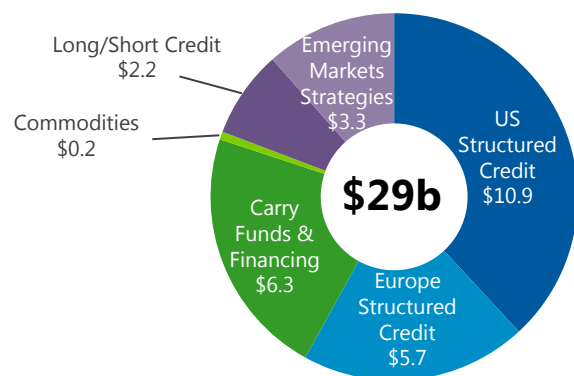
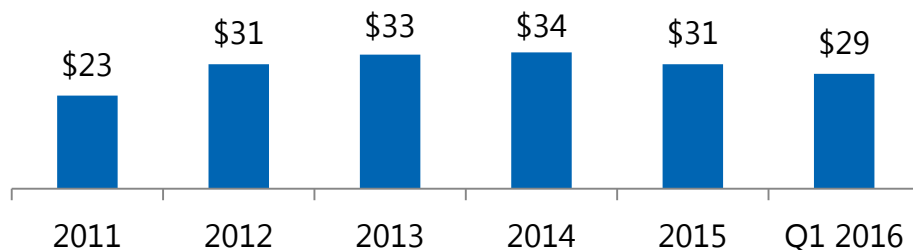
- 1) Current Generation includes CP VI, CEP IV, CAP IV, CEOF II, CGFSP II, CJP III, CETP III, CSABF I, CSSAF I, CPF I, CGP, CCI, and depicts approximate target for next generation Asia growth fund. Excludes MENA and Mexico Buyout.
- 2) Predecessor funds include CP V, CEP III, CAP III, CEOF I, CGFSP I, CJP II, CETP II, CAGP IV
- 3) Prior predecessor funds include CP IV, CEP II, CAP II, CJP I, CUSGF III, CETP I, CAGP III

# Global Market Strategies

## (GMS)

# GMS: Planting the Seeds For Future Financial Performance

## Fee-Earning Assets Under Management (\$ bn)



## Financial Metrics (\$ mm)

	2013	2014	2015	LTM Q1 2016
Fee Related Earnings	\$86	\$64	\$12	\$6
Net Realized Perf. Fees	110	19	21	20
Distributable Earnings	214	91	39	31

## Key Points

### Scaling of carry fund platform

- 2<sup>nd</sup> Energy Mezzanine fund is twice size of original fund and still raising capital
- Distressed fund and Asia structured credit funds also fundraising

### Scaling our Credit and Lending Platform

- \$19 bn US/Europe CLO business with strong margins
- \$1 bn + BDC platform with incremental lending opportunities

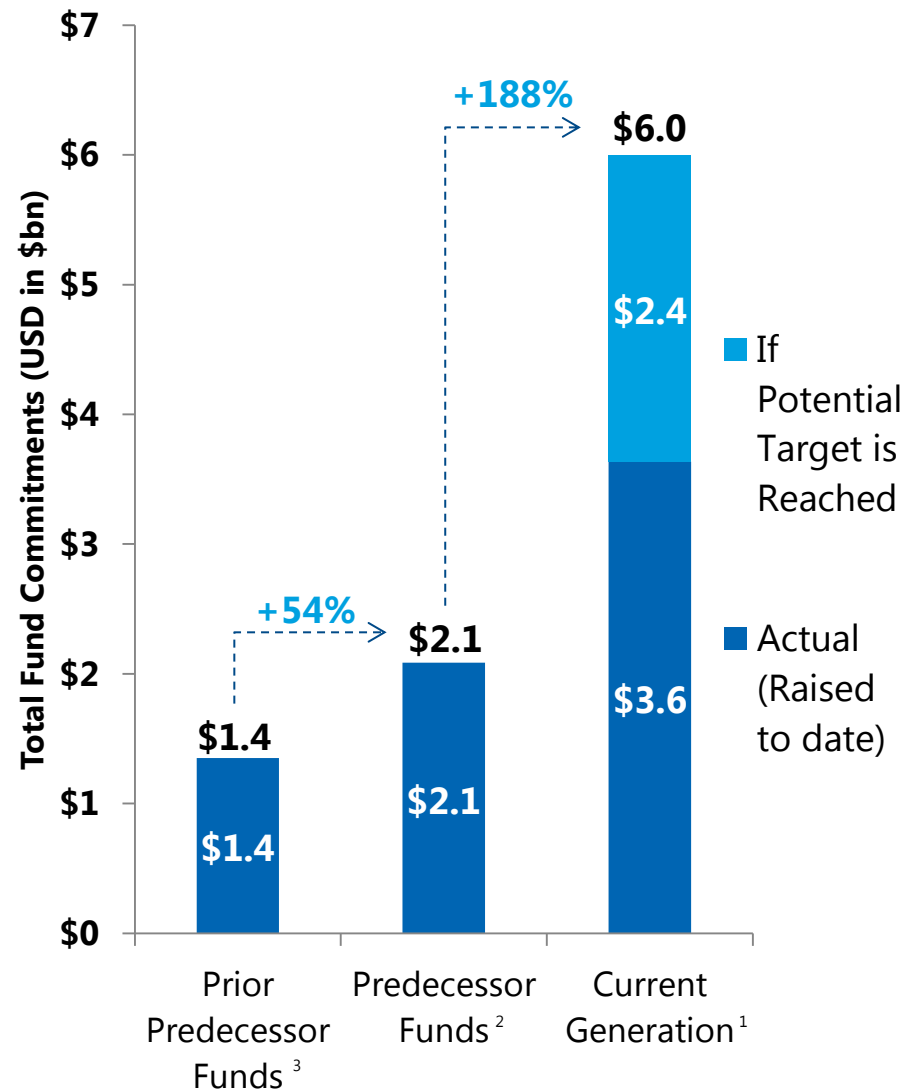
### Potential upside to Performance fees relative to prior years

- Future carry fund net realized performance fees could be multiples of prior years
- No significant performance fees from hedge fund platform in 2014/2015

## Carry Fund Platform Could Scale More than 2.5x Prior Generation

The GMS carry fund platform is broadening its reach and enlarging its global deployment capability

All three GMS carry fund platforms currently raising capital (CEMOF, CSP, CASCO)



Note: Data as of 3/31/2016. There is no guarantee these trends will continue.

1) Current Generation includes actual and approximate target committed capital for our latest vintage energy mezzanine, distressed credit, and Asia structured credit funds. Excludes Corporate Mezzanine.

2) Predecessor funds include CEMOF I and CSP III.

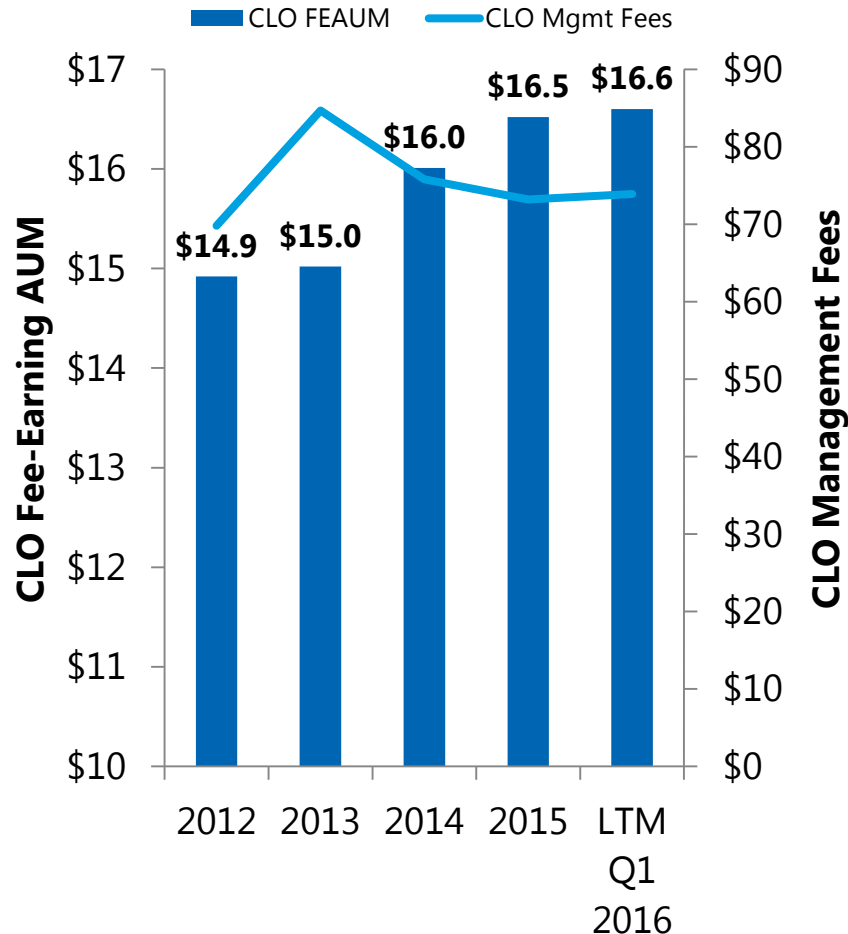
3) Prior predecessor funds include CSP II.



# Growing Opportunities in Credit and Lending

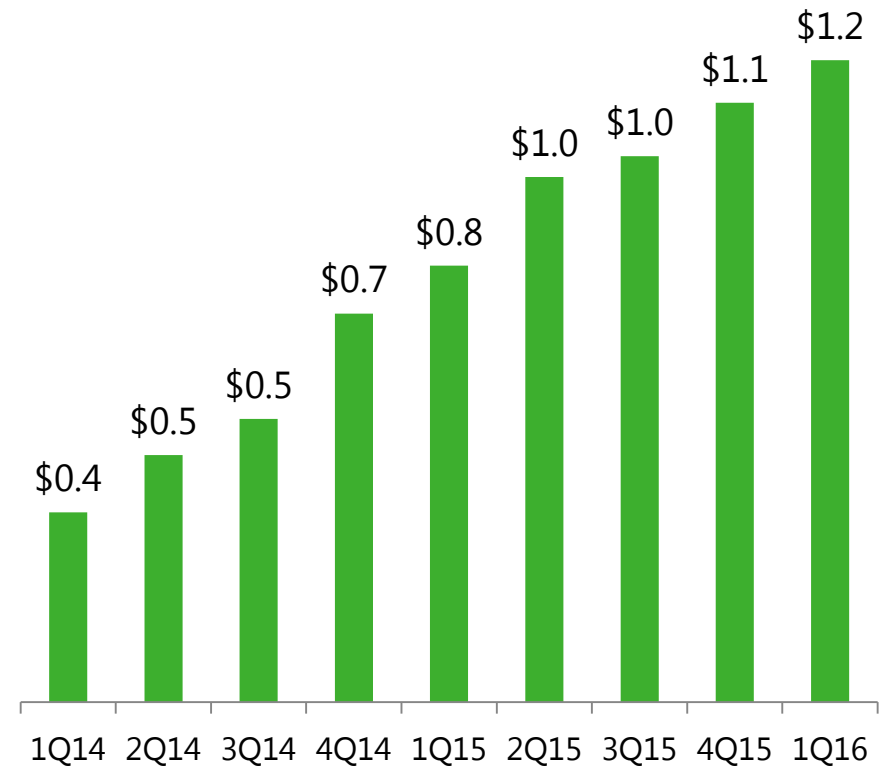
## Raised \$2-4 billion in CLO Assets Each of the Past Four Years

(AUM in \$ billion, Fees in \$ million)



## Carlyle GMS Finance (BDC) Strategy <sup>1</sup> Scaling

(Fair Value of Investments, \$ billion)



Note: Data as of 3/31/2016. There is no guarantee these trends will continue.

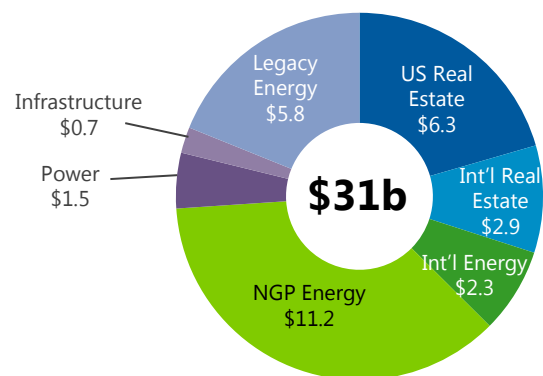
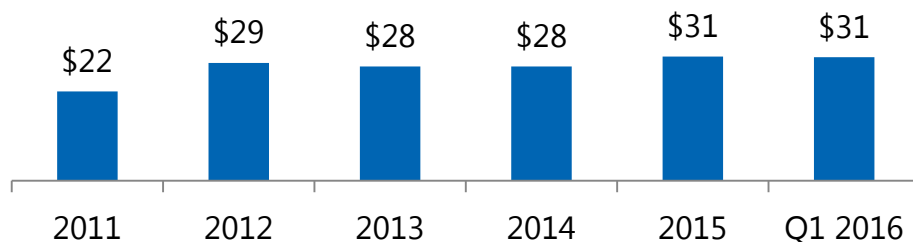
1) Represents fair value of investments only from Carlyle GMS Finance and does not include fair value of assets from any other Carlyle related BDC or credit vehicle.

# Real Assets

(RA)

# Real Assets To Benefit From Growing Real Estate Platform and Opportunities in Natural Resources

## Fee-Earning Assets Under Management (\$ bn)



## Financial Metrics (\$ mm)

	2013	2014	2015	LTM Q1 2016
Fee Related Earnings	\$25	\$22	\$72	\$69
Net Realized Perf. Fees	45	58	95	90
Distributable Earnings	46	48	153 <sup>1</sup>	154

Note: Data as of 3/31/2016.

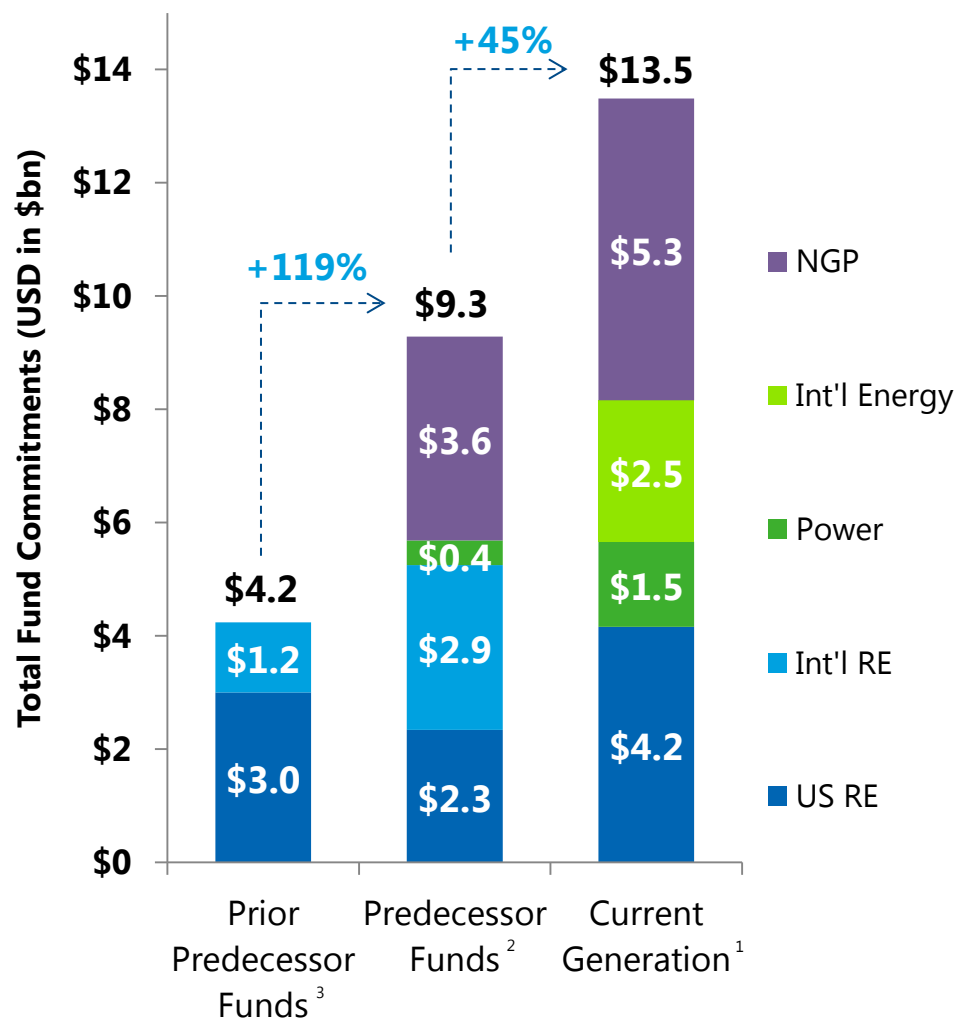
1) Excluding the impact of the French tax judgment of \$80m; Distributable Earnings were \$73m in 2015 including the impact.

2) Does not include dry powder of \$3+ billion from the Energy Mezzanine business in our Global Market Strategies segment.

## Key Points

- ❑ **US Real Estate business thriving and growing**
  - Strong performance and substantial scaling in opportunistic funds
  - Core Plus market an attractive opportunity to leverage USRE expertise
- ❑ **Dry powder opportunity in Natural Resources**
  - \$9bn in dry powder across NGP, International Energy and Power <sup>2</sup>
  - Well-positioned to capitalize on current environment
- ❑ **Limited downside impact from Legacy Energy portfolio**
  - Low management fee and carry economics as part of joint venture
  - Fee Related Earnings impact limited relative to FEAUM runoff

# Natural Resources & Real Estate Funds Adding New Strategies to Address a Broader Global Opportunity Set



Scaling in US Real Estate and build out of global natural resources platform has grown the go-forward revenue base substantially

Current generation and new funds are 45% larger than prior set of funds

Note: Data as of 3/31/2016, except where otherwise noted. Non-USD funds translated at the 3/31/2016 spot rate. Does not include commitments for any fund that has not had a first close. There is no guarantee these trends will continue.

1) Current Generation includes CRP VII, CIEP I, NGP XI, and our 2<sup>nd</sup> Power fund (CPP II), which had it's final close in early April 2016.

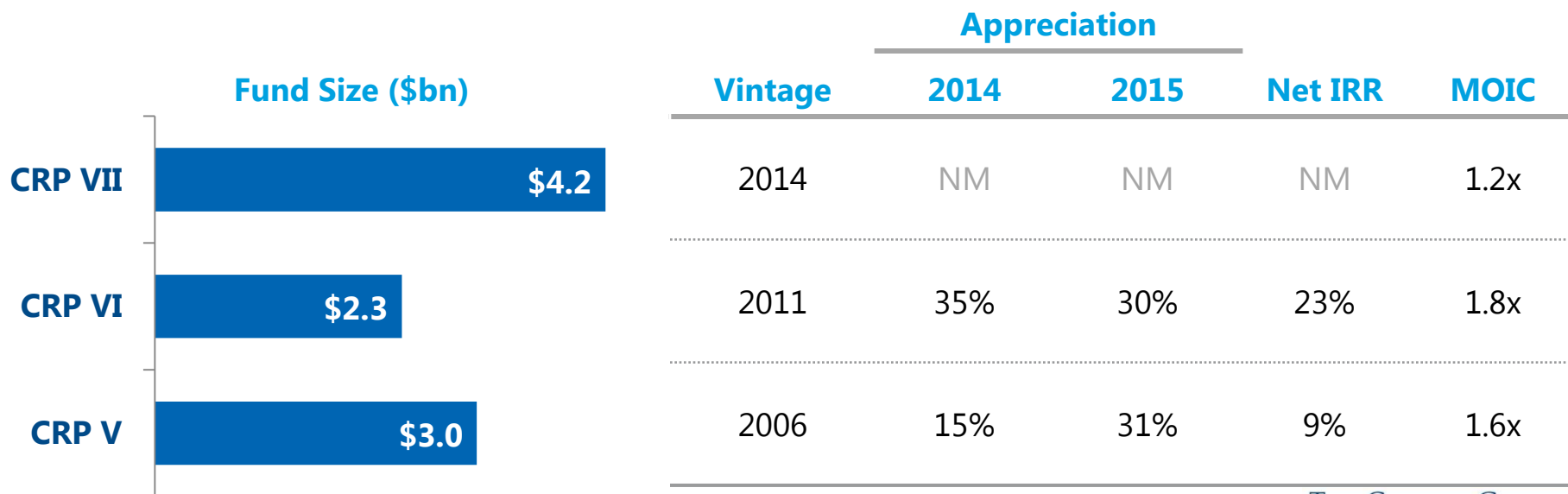
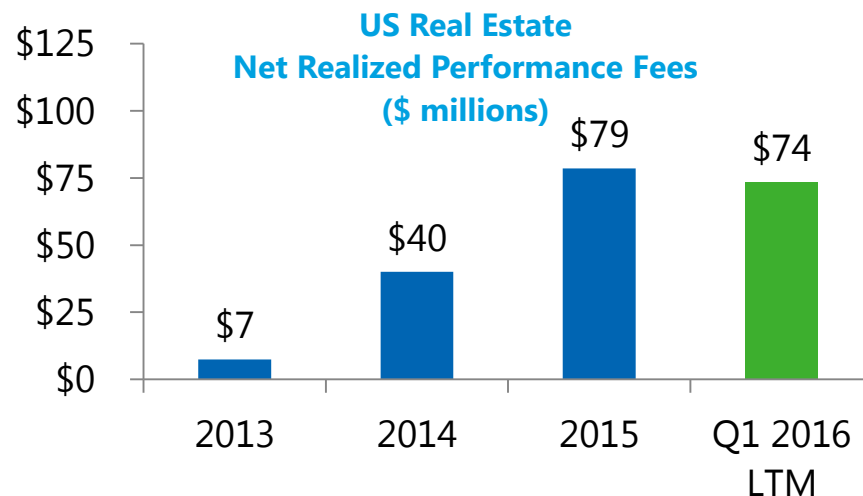
2) Predecessor funds include CRP VI, CEREP III, CAREP II, CPOCP and NGP X; Legacy Energy and Infrastructure (CIP I) are excluded

3) Prior predecessor funds include CRP V, CEREP II and CAREP I; Legacy Energy is excluded

# US Real Estate Business is Thriving and Growing

Strong fund performance and exits drove NRPF acceleration in 2014-15

Latest vintage U.S. real estate fund is roughly 80% larger than predecessor fund



# Our Natural Resources Platform Can Elevate Annual Equity Deployment and Generate Incremental Performance Fees in the Future

## Natural Resources Platform Has Large Deployment Potential...

Fund	Promoted Fund Size <sup>1</sup>
Natural Gas Partners (NGP)	\$5.0
International Energy	\$2.3
Power <sup>4</sup>	\$1.5
<b>Total</b>	<b>\$8.8</b>

## ...And Drive Upside to Run-Rate Performance Fees<sup>2,3</sup>

If exit @ **2.0-2.5x** average investment performance....

= **\$115-170** million in Annual Net Realized Performance Fees once capital is fully deployed

Note: For illustrative purposes only. There is no guarantee this performance will be achieved. See "Important Information" for more information on the use of, and reliance on, projections.

- 1) Reflects current level of promoted equity in latest vintage fund. Does not assume additional for funds currently still fundraising.
- 2) Through Q1 2016, NGP and International Energy have not yet contributed net realized performance fees to Carlyle's earnings
- 3) Exits assumed to be at 2.0 – 2.5X multiple of invested capital and realized over a 5-year period, once assets are deployed. Gains adjusted for promoted capital rate, management fee impact, and estimated in-carry ratio. Carlyle's weighted carry ownership is approximately 50% across NGP carry funds, International Energy and Power.
- 4) Reflects final close on our 2<sup>nd</sup> Power fund, which took place in early April 2016

## Legacy Energy's Diminishing Impact

- ❑ Limited fee economics (\$6 mn in 2015) relative to Fee-Earning AUM (\$6 bn)
- ❑ Decline in performance fees more than offset by increases in other Real Assets funds
- ❑ Worst-case clawback liability: \$9 million ENI / \$86 million DE
  - DE clawback occurs only if Legacy Energy funds conclude in a clawback position
  - Worst case DE case equivalent to 3% of trailing 3-years of firm-wide DE

		2011	2012	2013	2014	2015	Q1 2016 LTM
Fee-Earning AUM (\$bn)	Total Real Assets	\$22.2	\$29.3	\$28.4	\$28.4	\$30.9	\$30.7
	Legacy Energy	\$12.1	\$9.0	\$8.5	\$7.2	\$5.8	\$5.8
	% of Segment	54%	31%	30%	25%	19%	19%
Management Fee Revenue (\$mm)	Total Real Assets	\$150.7	\$141.0	\$188.9	\$223.8	\$255.9	\$254.8
	Legacy Energy	\$16.7	\$11.1	\$10.0	\$7.5	\$6.2	\$6.0
	% of Segment	11%	8%	5%	3%	2%	2%
Net Realized Performance Fees (\$mm)	Total Real Assets	\$89.6	\$99.3	\$44.5	\$58.4	\$94.7	\$89.8
	Legacy Energy	\$83.7	\$93.0	\$37.7	\$18.3	\$4.7	\$4.7
	% of Segment	93%	94%	85%	31%	5%	5%

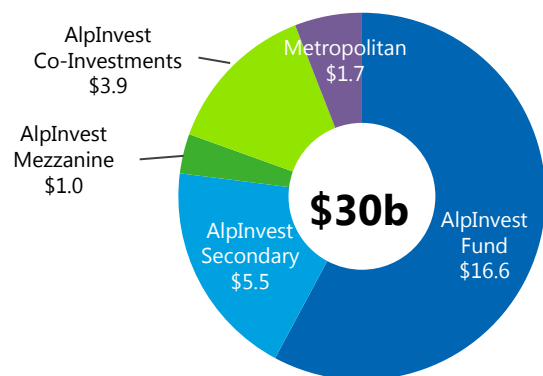
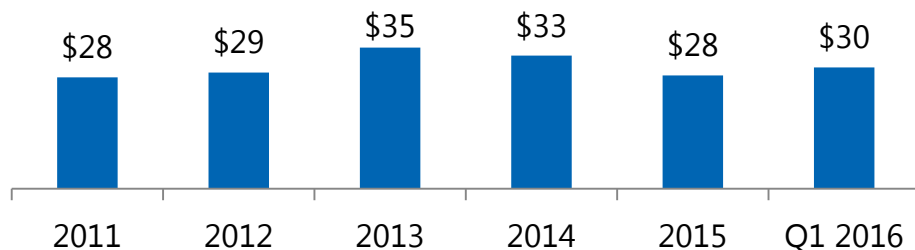
Note: Data as of 3/31/2016. Worst case legacy energy clawback ENI amount assumes all Riverstone related funds and positions fall into a full clawback position. As of 3/31/2016, \$77 million on clawback related to legacy energy has been accrued through ENI, and no legacy energy clawback has yet been paid by Carlyle.

# Investment Solutions



# Investment Solutions Overview

## Fee-Earning Assets Under Management<sup>1</sup> (\$ bn)



## Financial Metrics (\$ mm)

	2013	2014	2015	LTM Q1 2016
Fee Related Earnings	\$32	\$32	\$9	\$7
Net Realized Perf. Fees	7	12	4	3
Distributable Earnings	40	44	13	10

Note: Data as of 3/31/2016.

1) We commenced a wind down of the operations of Diversified Global Asset Management in Q1 2016, which had approximately \$1.5 billion of Fee-Earning AUM as of 3/31/2016.

2) Includes impact from foreign exchange gain/loss in underlying fund investments

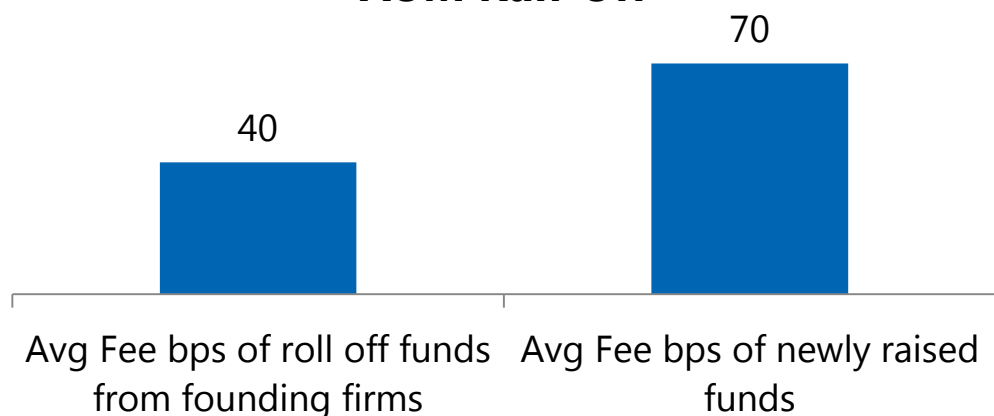
## Key Points

- ❑ **AlpInvest has great investment performance with performance fee upside**
  - 12% net IRR & 1.5x MOIC with 2015 appreciation of 27%<sup>2</sup>
  - Performance fees could improve on post acquisition funds over time
- ❑ **AlpInvest effective management fee rate should rise over time**
  - New commitments should have higher fee yield
  - Expect former owner commitments to drive continued FEAUM runoff
- ❑ **Metropolitan Real Estate & DGAM**
  - MRE raised \$550 million for secondaries and co-investment opportunities
  - DGAM wind-down is expected to improve 2016 Investment Solutions run-rate financial performance

# AlpInvest: Exceptional Investment Performance and Positioning for Future Impact to CG Financial Results

Latest Fully Invested Vehicles	Vintage	Gross MOIC	Net IRR
Main Fund IV – Fund Investments	2009	1.4x	15%
Main Fund IV – Secondaries	2010	1.6x	19%
Main Fund V – Coinvestments	2012	1.8X	32%
<b>Overall AlpInvest (since inception)</b>		<b>1.5x</b>	<b>12%</b>

## Improving Fee Yield Will Offset Some AUM Run-Off<sup>1</sup>



- ❑ **Carlyle’s share of AlpInvest net performance fees will increase as vehicles launched post our 2011 acquisition move through a European waterfall**
  - Back-end weighted
  - CG share of profits: up to 40%
- ❑ **Newly raised capital coming on line at much higher average fee rates relative to rolling off capital**
  - AlpInvest in process of raising a new Secondaries fund
- ❑ **AlpInvest will see pressure on Fee-Earning AUM as its former founders contribute less capital**
  - Estimate \$10 billion over the next five years

Note: Data as of 3/31/2016.

1) Data approximate as of May 4, 2016.

## Every Carlyle Segment Driving Towards Improved Performance

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**Corporate Private Equity:** Best in class business with strong investment and deployment capabilities, positioning for next fundraising cycle

**Global Market Strategies:** Building broad carry fund and lending business, poised for improved performance fee generation over the next several years

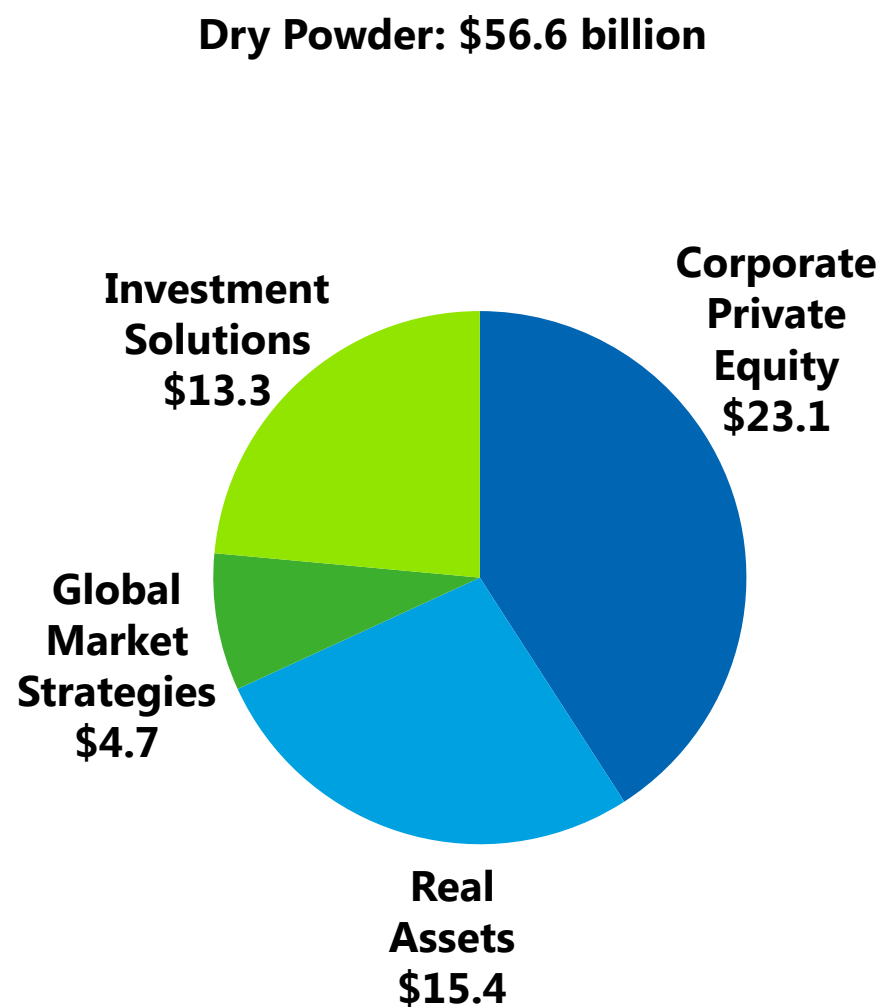
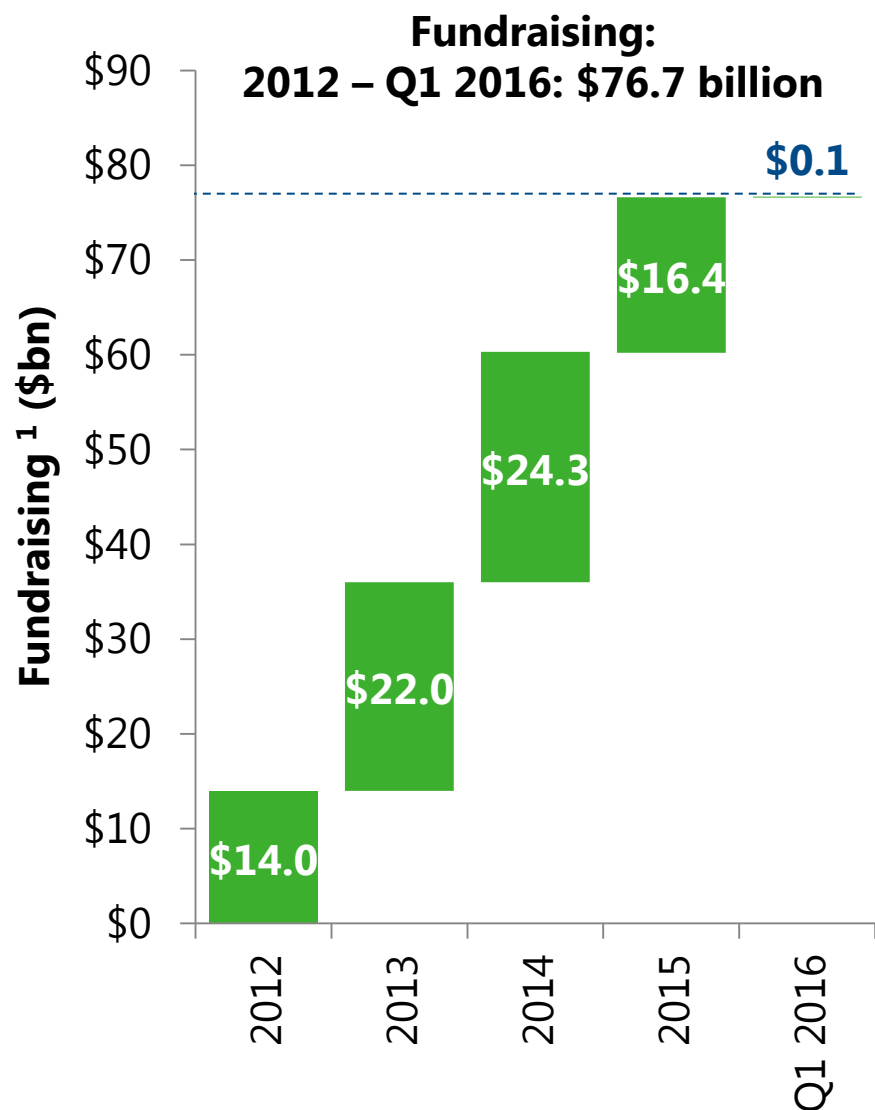
**Real Assets:** Seasoned and growing US Real Estate business complemented by a diversified natural resources platform with significant dry powder to invest

**Investment Solutions:** Solid fund investment performance with new fund capabilities and opportunities for operational efficiency

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# APPENDIX

# Four Years of Exceptional Fundraising Results Has Reloaded our Platform and Built up \$43 billion in Carry Fund Dry Powder

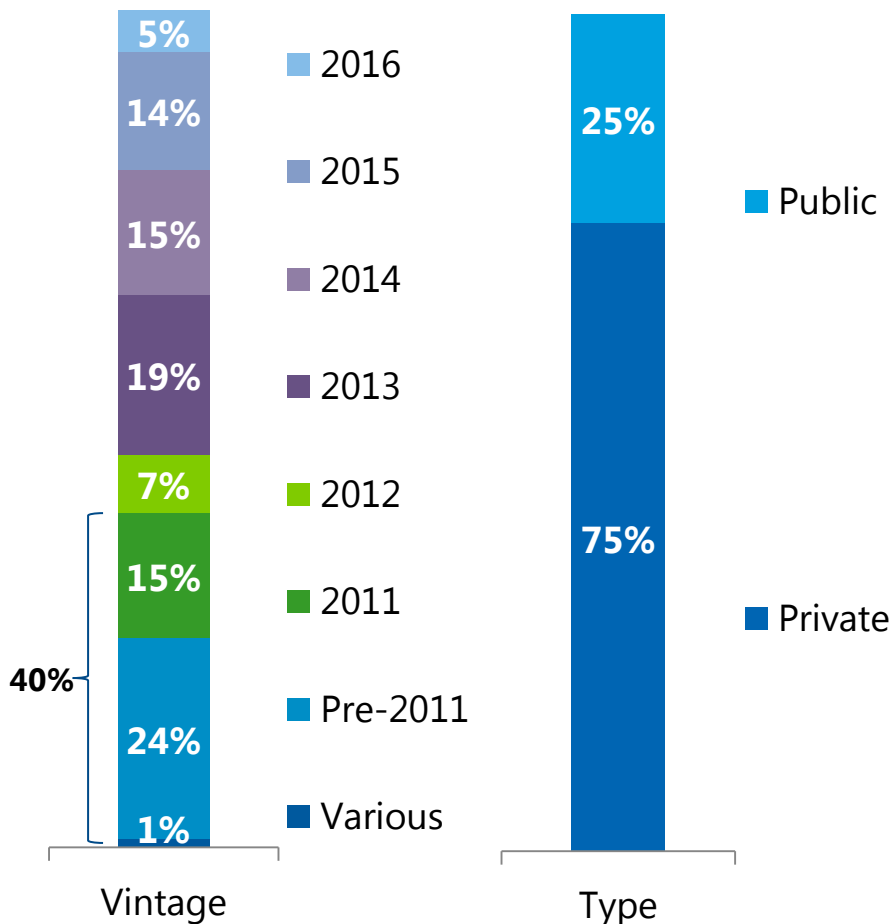


Note: Data as of 3/31/2016.

1) Fundraising reflects net inflows (outflows) for open-end investment vehicles and excludes acquisitions.

# Near Term Inventory Supports Potential Performance Fees From Accrued Carry

## Remaining Fair Value of Carry Fund Portfolio<sup>1</sup> - \$58 billion



## Accrued Carry More than 3X Peer Average % of Market Cap

	Accrued Carry <sup>2</sup>	As a % of Current Unit Price
Carlyle	\$4.10 (per unit) / \$1.3 billion (total)	25%
Peers		5% to 13% / Average 9%

Note: RMFV and accrued carry data as of Q1 2016. Unit price data as of 5/6/2016.

1) Fair value of remaining carry fund capital in the ground. Totals may not sum due to rounding.

2) As reported, or where not reported on a per unit basis, using period end Distributable Earnings units outstanding. Carlyle had \$1.3 bn in net accrued performance fees as of 1Q 2015 and 326 million units outstanding. Peer group includes APO, BX, KKR, and OAK.

## Diverse Group of Funds Support A Broad Base of Performance Fees

		Remaining Fair Value (\$ mm)	Net IRR 3/31/2016	In Accrued Carry/ (Clawback)	LTM Realized Carry
Corporate Private Equity	Carlyle Partners V	\$8,247	13%	√	√
	Carlyle Europe Partners III	4,001	14%	√	√
	Carlyle Asia Partners III	1,776	14%	√	√
	Financial Services Partners I	1,132	13%	√	√
	Carlyle Partners IV	1,018	13%	√	√
	Equity Opportunities Fund I	969	11%	√	
	Carlyle Asia Partners II	594	8%	(√)	
	Europe Technology Partners II	365	16%	√	√
Real Assets	Carlyle Realty Partners VII	1,625	NM	√	
	Carlyle Realty Partners VI	1,535	23%	√	√
	Carlyle Realty Partners V	1,237	9%	√	
	Carlyle Realty Partners III	355	30%	√	√

**9 additional funds are currently accruing performance fees**

Note: Data as of 3/31/2016. Please see "Important Information" at the beginning of this presentation. Funds selected represent fourteen carry funds which are currently accruing, or have the potential to accrue carry in the near future. Funds are not representative of Carlyle's entire portfolio & results may not be typical. For more information about the performance of Carlyle's significant funds, please see Carlyle's filings with the US Securities & Exchange Commission.

# Carlyle's Private Equity Funds Have Performed Well Even When Investing Through Elevated Valuation Periods

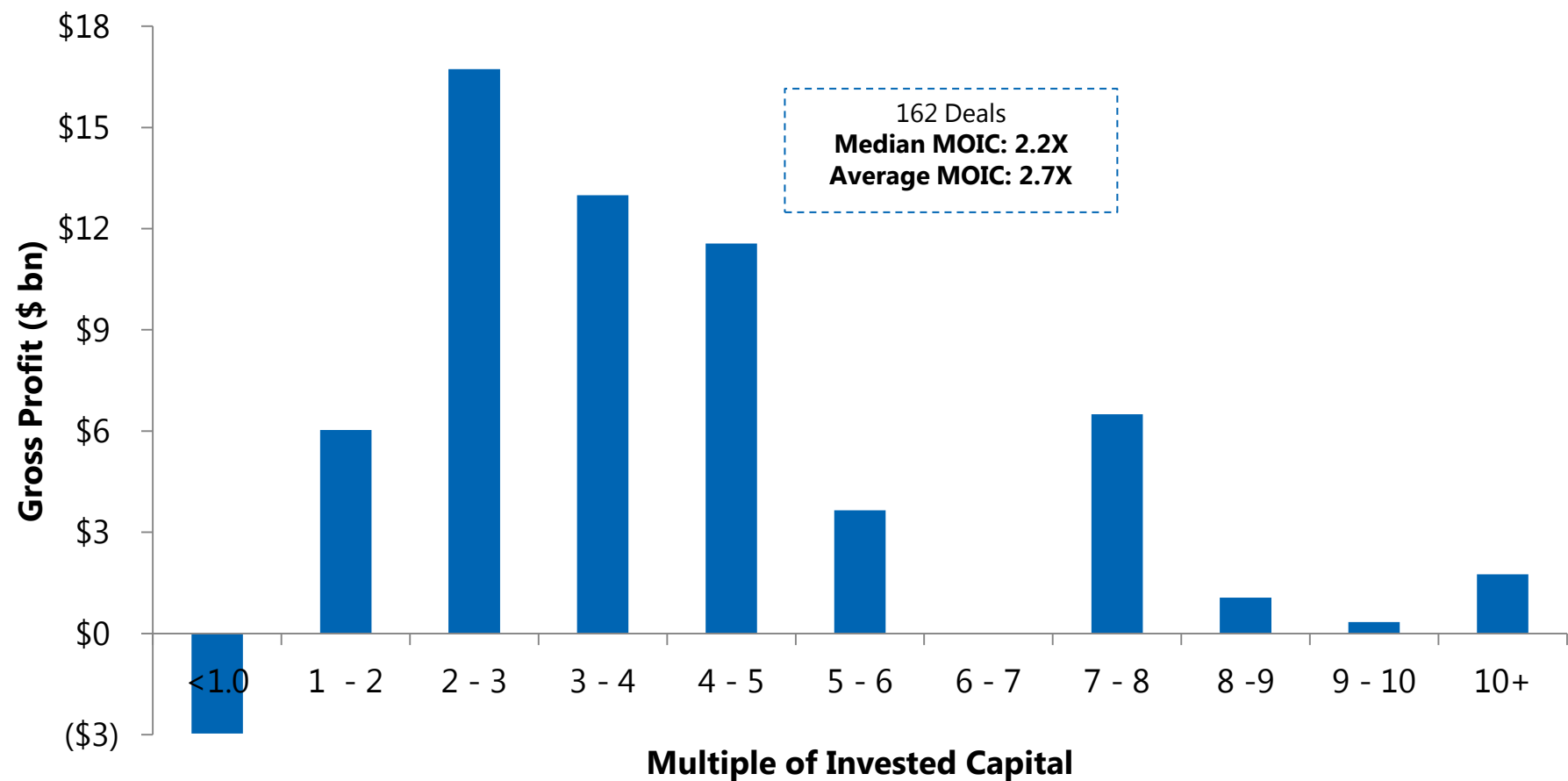
Fund	Investing Period	Total Investments		Realized/Partially Realized	
		MOIC	Gross IRR	MOIC	Gross IRR
Carlyle Partners IV	2004 – 2007	2.4X	16%	2.5X	18%
Carlyle Partners V	2007 – 2012	1.9X	18%	2.6X	27%
Carlyle Europe Partners II	2003 – 2006	1.9X	36%	2.4X	55%
Carlyle Europe Partners III	2007 – 2013	2.2X	19%	2.5X	22%
Carlyle Asia Partners II	2006 – 2008	1.8X	11%	3.0X	24%
Carlyle Asia Partners III	2008 – 2012	1.9X	20%	1.9X	20%

Note: Data as of 3/31/2016.

Investment period begins at fund inception date. Total Investments represents both realized as well as unrealized fund investments, while Realized/Partially Realized only represents fully realized investments or investments when total proceeds received represent at least 85% of invested capital and such investment is not fully realized. MOIC is multiple of invested capital. See "Important Information" for more information on the calculation of gross IRRs, gross MOIC, and realized and partially realized investments. Past performance is not indicative of future results and there is no guarantee these trends will continue.

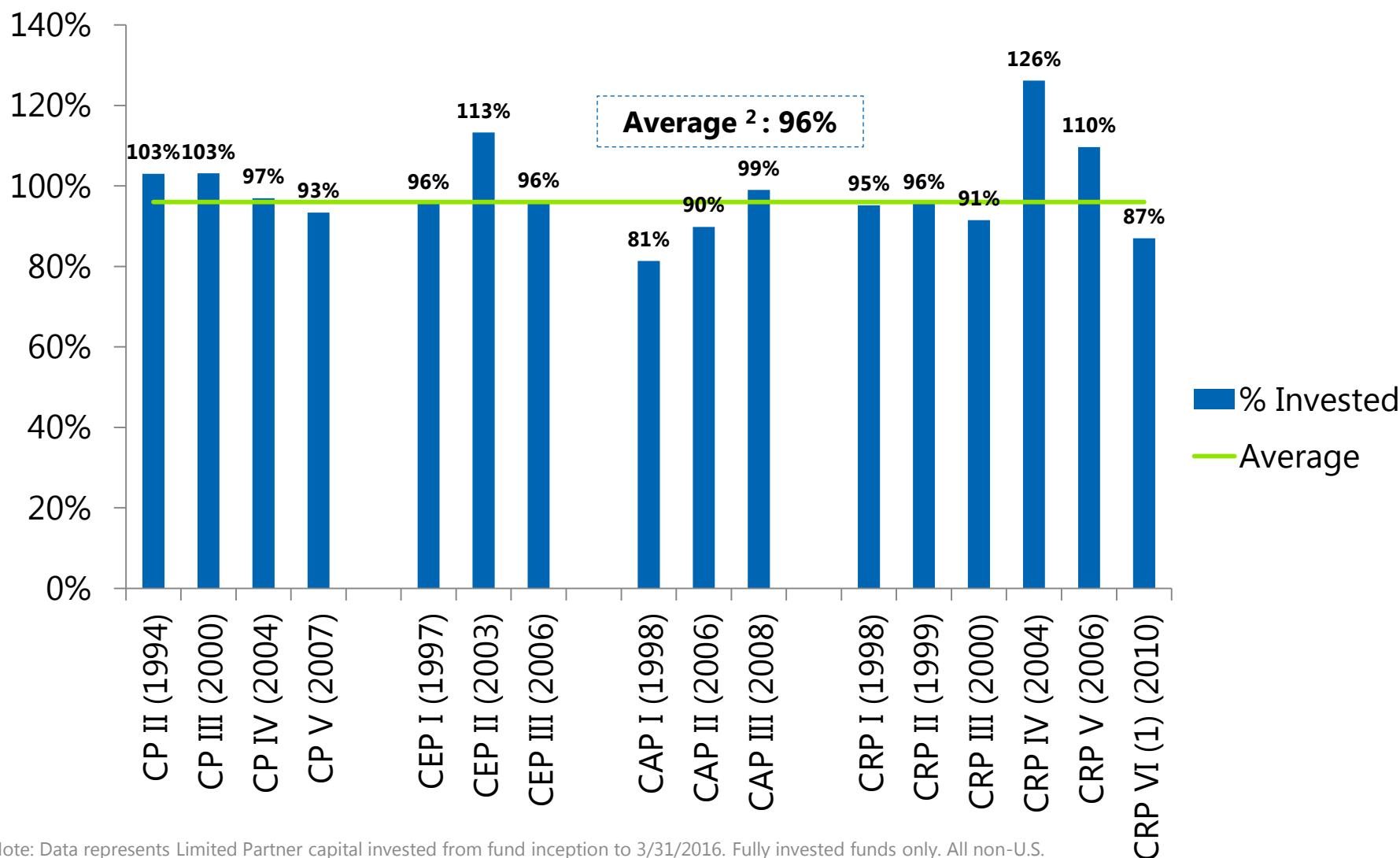
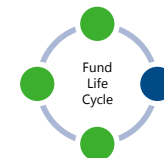


# CPE's Proven, Disciplined Investment Process Drives Consistent Returns



Note: Data as of 3/31/2016. Represents realized and partially realized deals in Carlyle Partners, Carlyle Europe Partners and Carlyle Asia Partners since inception. Includes fund and external coinvestment.  
Past performance is not indicative of future results and there is no guarantee these trends will continue.

# Carlyle Has Historically Invested A Vast Majority Of Its Available Capital Over Varying Market Cycles



Note: Data represents Limited Partner capital invested from fund inception to 3/31/2016. Fully invested funds only. All non-U.S. denominated funds converted at the 12/31/2015 exchange rate. Data exceeds 100% of Limited Partner capital in certain situations depending on capital recyclability provisions.

1) Data represents equity invested and committed.

2) Average includes all Corporate Private Equity and Real Assets fully invested funds.

## Carlyle Has Nearly \$12 Billion to Deploy into the Energy Sector

	Fund Family	Investment Focus	AUM <sup>1</sup> (\$bn)	Dry Powder <sup>1</sup> (\$bn)	Performance Fee Ownership
Real Assets	Natural Gas Partners <sup>2</sup>	North American E&P / Midstream	\$11.2	\$5.5	NGP X: 40% NGP XI/Future: 47.5%
	International Energy	International Oil & Gas	\$2.7	\$2.0	55%
	Power	North American Power	\$2.0	\$1.2	55%
GMS	Energy Mezzanine	Oil & Gas Structured Production Finance	\$4.3	\$3.3	55%
<b>Subtotal</b>			<b>\$20.1</b>	<b>\$11.9</b>	
	Legacy Energy (Riverstone)		\$6.1	\$0.9	~20% (blended, varies by fund)

1) Reflects AUM and Dry Powder as of 3/31/2016.

2) AUM reflects all NGP funds. Dry Powder reflects only funds in which Carlyle owns a stake in performance fee revenue.

# Summary Financial Results

Pre-tax Segment Measures (\$ million)	Quarterly				Annual				
	2Q15	3Q15	4Q15	1Q16	2012	2013	2014	2015	LTM
<b>Revenue</b>									
Management & Transaction Fees	316	316	287	303	993	1,105	1,303	1,223	1,222
Performance Fees	331	(221)	197	148	996	2,293	1,708	910	456
Investment, Interest & Other Income	16	(1)	6	(0)	55	(30)	12	(0)	21
<b>Total Revenue</b>	<b>663</b>	<b>94</b>	<b>491</b>	<b>451</b>	<b>2,044</b>	<b>3,369</b>	<b>3,022</b>	<b>2,132</b>	<b>1,699</b>
Direct & Indirect Base Compensation	158	165	154	162	562	589	683	650	639
Equity Based Compensation	28	31	31	31	2	16	80	122	121
Performance Fee Compensation	182	(73)	88	73	481	1,102	901	518	270
General & Administrative, Interest & Other Expense	109	93	139	90	252	353	374	421	429
Depreciation & Amortization	7	7	7	7	22	24	22	26	27
<b>Total Expenses</b>	<b>484</b>	<b>222</b>	<b>418</b>	<b>363</b>	<b>1,318</b>	<b>2,084</b>	<b>2,060</b>	<b>1,736</b>	<b>1,486</b>
<b>Economic Net Income</b>	<b>180</b>	<b>(128)</b>	<b>73</b>	<b>88</b>	<b>726</b>	<b>1,285</b>	<b>962</b>	<b>397</b>	<b>212</b>
(-) Net Performance Fees <sup>1</sup>	149	(149)	109	75	515	1,191	807	392	185
(-) Investment Income (Loss)	11	(6)	1	(6)	42	(43)	(11)	(22)	(1)
(+) Equity Based Compensation	28	31	31	31	2	16	80	122	121
(+) Reserve for Litigation and Contingencies	-	-	50	-	-	-	-	50	50
<b>Fee Related Earnings</b>	<b>47</b>	<b>57</b>	<b>43</b>	<b>51</b>	<b>171</b>	<b>152</b>	<b>247</b>	<b>199</b>	<b>199</b>
(+) Realized Net Performance Fees <sup>1</sup>	333	177	100	70	501	675	733	789	680
(+) Realized Investment Income (Loss)	6	9	2	8	16	11	(6)	(65)	25
<b>Distributable Earnings</b>	<b>386</b>	<b>244</b>	<b>145</b>	<b>129</b>	<b>689</b>	<b>837</b>	<b>973</b>	<b>923</b>	<b>904</b>
<b>Per Unit Measures</b>									
Economic Net Income Per Unit (after-tax)	\$0.55	(\$0.43)	\$0.24	\$0.18		\$3.55	\$2.68	\$1.15	\$0.54
Distributable Earnings Per Common Unit (after-tax)	\$1.18	\$0.74	\$0.38	\$0.35		\$2.50	\$2.78	\$2.73	\$2.65
Distribution per Common Unit	\$0.89	\$0.56	\$0.29	\$0.26		\$1.88	\$2.09	\$2.07	\$2.00

Note: Data as of 3/31/2016.

See "Selected Financial Data" in Carlyle's periodic and annual reports filed with the U.S. Securities and Exchange Commission.  
Performance fee revenue net of related compensation expense.

## Strong Balance Sheet

Key Balance Sheet Items <sup>1</sup> (\$ million)	3/31/2016
Cash & equivalents	\$911
Net accrued performance fees (net of giveback and accrued performance fee compensation)	\$1,336
Investments attributable to Carlyle unitholders <sup>2</sup>	\$396
Loans Payable and Senior Notes	\$1,257
Drawn revolving credit line (\$750 million capacity)	-

1) Balance sheet amounts are shown without the impact of certain Carlyle funds that are required to be consolidated on its financial statements.

2) Excludes the equity method accounting of our investment by Carlyle in NGP Energy Capital Management.

# Key Metrics for “The Carlyle Engine”

## Quarterly Data

	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
<b>Total AUM(1) (\$ bn)</b>	<b>202.7</b>	<b>202.6</b>	<b>194.5</b>	<b>192.7</b>	<b>192.8</b>	<b>187.7</b>	<b>182.6</b>	<b>178.1</b>
Corporate Private Equity	64.5	63.6	64.7	64.0	63.6	63.1	63.1	61.1
Global Market Strategies	38.2	38.9	36.7	36.3	36.4	35.5	35.3	34.0
Real Assets	43.3	45.8	42.3	42.9	42.2	40.2	38.0	36.7
Investment Solutions	56.7	54.3	50.8	49.4	50.7	48.9	46.2	46.3
<b>Fee-Earning AUM(1) (\$ bn)</b>	<b>145.6</b>	<b>140.2</b>	<b>135.6</b>	<b>129.4</b>	<b>130.0</b>	<b>128.1</b>	<b>131.0</b>	<b>130.3</b>
Corporate Private Equity	43.0	42.0	40.2	39.4	40.3	40.7	40.9	40.9
Global Market Strategies	35.4	34.8	33.9	32.0	31.3	29.5	31.0	28.6
Real Assets	27.9	28.2	28.4	27.6	28.1	28.5	30.9	30.7
Investment Solutions	39.4	35.3	33.1	30.5	30.3	29.4	28.2	30.2
<b>Fundraising(2)(3) (\$ bn)</b>	<b>7.4</b>	<b>6.5</b>	<b>4.9</b>	<b>4.4</b>	<b>4.7</b>	<b>4.6</b>	<b>2.7</b>	<b>0.1</b>
Corporate Private Equity	2.7	1.6	2.8	1.7	1.9	2.8	1.6	0.1
Global Market Strategies	2.2	1.7	1.2	0.4	1.2	0.8	0.6	(0.5)
Real Assets	2.7	3.0	1.8	2.0	0.6	0.9	0.3	0.2
Investment Solutions	(0.1)	0.1	(0.8)	0.3	1.0	0.1	0.1	0.3
<b>Equity Invested(4) (\$ bn)</b>	<b>3.4</b>	<b>3.7</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>4.0</b>	<b>3.9</b>
Corporate Private Equity	2.8	2.5	0.6	0.8	0.9	0.7	2.7	3.3
Global Market Strategies	0.2	0.3	0.1	0.1	0.0	0.2	0.3	0.1
Real Assets	0.4	0.9	0.9	0.6	0.6	0.8	1.0	0.6
<b>Realized Proceeds(4) (\$ bn)</b>	<b>6.5</b>	<b>4.5</b>	<b>5.6</b>	<b>4.6</b>	<b>5.8</b>	<b>3.7</b>	<b>4.0</b>	<b>3.2</b>
Corporate Private Equity	4.6	3.3	4.2	3.4	4.5	2.6	2.3	2.3
Global Market Strategies	0.1	0.4	0.1	0.2	0.1	0.1	0.1	0.0
Real Assets	1.8	0.8	1.3	1.0	1.1	1.0	1.6	0.8
<b>Carry Fund Appreciation(6)</b>	<b>5%</b>	<b>3%</b>	<b>1%</b>	<b>6%</b>	<b>3%</b>	<b>(4%)</b>	<b>2%</b>	<b>1%</b>
Corporate Private Equity	5%	3%	7%	8%	5%	(3%)	3%	1%
Global Market Strategies	12%	6%	(2%)	3%	2%	(9%)	(4%)	(12%)
Real Assets	3%	2%	(8%)	2%	0%	(5%)	(0%)	1%

## Annual Data

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total AUM(1) (\$ bn)</b>	<b>45.3</b>	<b>80.6</b>	<b>86.3</b>	<b>89.8</b>	<b>107.5</b>	<b>147.0</b>	<b>170.2</b>	<b>188.8</b>	<b>194.5</b>	<b>182.6</b>	<b>178.1</b>
Corporate Private Equity	24.7	48.5	45.2	48.8	56.3	51.1	53.3	64.9	64.7	63.1	61.1
Global Market Strategies	6.7	10.4	13.9	13.3	20.6	24.5	32.5	35.5	36.7	35.3	34.0
Real Assets	13.9	21.7	27.3	27.7	30.6	30.7	40.2	38.7	42.3	38.0	36.7
Investment Solutions	n/a	n/a	n/a	n/a	n/a	40.7	44.1	49.8	50.8	46.2	46.3
<b>Fee-Earning AUM(1) (\$ bn)</b>	<b>33.6</b>	<b>64.8</b>	<b>76.3</b>	<b>75.4</b>	<b>80.8</b>	<b>111.0</b>	<b>123.1</b>	<b>139.9</b>	<b>135.6</b>	<b>131.0</b>	<b>130.3</b>
Corporate Private Equity	17.4	36.6	40.2	40.4	38.9	38.0	33.8	43.0	40.2	40.9	40.9
Global Market Strategies	6.0	8.3	13.4	12.5	19.0	23.2	31.0	33.4	33.9	31.0	28.6
Real Assets	10.2	20.0	22.8	22.5	22.9	22.2	29.3	28.4	28.4	30.9	30.7
Investment Solutions	n/a	n/a	n/a	n/a	n/a	27.7	28.9	35.1	33.1	28.2	30.2
<b>Fundraising(2)(3) (\$ bn)</b>	<b>15.2</b>	<b>31.2</b>	<b>20.1</b>	<b>1.2</b>	<b>4.2</b>	<b>6.6</b>	<b>14.0</b>	<b>22.0</b>	<b>24.3</b>	<b>16.4</b>	<b>0.1</b>
Corporate Private Equity	8.5	18.8	5.5	0.3	2.4	1.6	7.8	11.8	7.6	8.0	0.1
Global Market Strategies	2.8	4.7	6.3	0.1	0.3	2.4	5.2	5.7	6.9	2.9	(0.5)
Real Assets	3.9	7.6	8.3	0.8	1.5	2.1	0.3	2.0	9.2	3.9	0.2
Investment Solutions	n/a	n/a	n/a	n/a	n/a	0.5	0.6	2.5	0.5	1.6	0.3
<b>Equity Invested(4) (\$ bn)</b>	<b>7.9</b>	<b>14.5</b>	<b>12.0</b>	<b>5.0</b>	<b>10.1</b>	<b>11.3</b>	<b>8.0</b>	<b>8.2</b>	<b>9.8</b>	<b>8.8</b>	<b>3.9</b>
Corporate Private Equity	5.6	9.3	4.9	2.0	5.4	7.5	4.2	4.8	6.8	5.2	3.3
Global Market Strategies	0.2	0.5	0.7	0.5	0.8	0.8	0.6	0.8	0.6	0.6	0.1
Real Assets	2.1	4.7	6.4	2.5	3.9	3.0	3.2	2.5	2.5	3.1	0.6
<b>Realized Proceeds(4)(5) (\$ bn)</b>	<b>10.6</b>	<b>8.9</b>	<b>2.0</b>	<b>2.1</b>	<b>8.2</b>	<b>17.6</b>	<b>18.8</b>	<b>17.4</b>	<b>19.7</b>	<b>18.1</b>	<b>3.2</b>
Corporate Private Equity	8.2	6.2	1.1	0.9	5.3	11.4	12.1	12.2	14.3	12.8	2.3
Global Market Strategies	0.1	0.1	0.2	0.2	0.8	1.0	1.1	1.0	0.7	0.5	0.0
Real Assets	2.3	2.6	0.7	1.0	2.1	5.2	5.5	4.1	4.7	4.8	0.8
<b>Carry Fund Appreciation(6)</b>			<b>(22%)</b>	<b>8%</b>	<b>34%</b>	<b>16%</b>	<b>14%</b>	<b>20%</b>	<b>15%</b>	<b>7%</b>	<b>1%</b>
Corporate Private Equity			(23%)	9%	46%	16%	16%	30%	23%	13%	1%
Global Market Strategies			(46%)	43%	38%	9%	23%	28%	20%	(8%)	(12%)
Real Assets			(18%)	3%	15%	16%	9%	1%	(2%)	(3%)	1%

Note: segments may not add to total due to rounding; For definitions of the operating metrics above, please see The Carlyle Group LP's filings with the Securities and Exchange Commission.

- 1) For purposes of aggregation, funds denominated in a currency other than U.S. Dollars have been converted at the spot rate as of the end of each period presented.
- 2) For purposes of aggregation, commitments denominated in a currency other than U.S. Dollars have been converted at the spot rate as of the date of closing of such commitment.
- 3) Excludes acquisitions.
- 4) Amounts represent Carry Fund transactions only (including related coinvestments). Does not include hedge funds, mutual funds, structured credit funds, NGP management fee funds or fund of funds vehicles. For purposes of aggregation, transactions denominated in a currency other than U.S. Dollars have been converted at the average rate for the period presented.
- 5) Years before 2011 are presented using Distributions to fund investors, 2011 to present are Realized Proceeds.
- 6) Appreciation / (Depreciation) represents unrealized gain / (losses) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: Ending Remaining Investment FMV plus net investment outflow (sales proceeds minus net purchases) minus Beginning Remaining Investment FMV divided by Beginning Remaining Investment FMV. Excludes external coinvestment.

# Reconciliation of GAAP to Non-GAAP Financials

(\$ millions)	Quarterly					Annual				
	1Q15	2Q15	3Q15	4Q15	1Q16	2012	2013	2014	2015	LTM
<b>Income before provision for income taxes</b>	\$ 615	\$ 474	\$ (529)	\$ (158)	\$ 15	\$ 2,440	\$ 1,444	\$ 992	\$ 402	\$ (198)
<b>Adjustments:</b>										
Partner compensation(1)	-	-	-	-	-	(265)	-	-	-	-
Equity-based compensation issued in conjunction with the initial public offering and strategic investments	59	89	55	58	45	200	314	269	260	246
Acquisition related charges and amortization of intangibles	41	(2)	210	41	18	128	260	243	289	266
Other non-operating expense (income)	1	(3)	(10)	4	4	7	(17)	(30)	(7)	(5)
Tax (expense) benefit associated with performance fee compensation	(5)	(9)	(5)	5	(3)	(9)	(35)	(25)	(15)	(13)
Net (income) loss attributable to non-controlling interests in Consolidated entities	(439)	(371)	152	120	2	(1,757)	(676)	(486)	(538)	(97)
Other adjustments <sup>(2)</sup>	1	2	(1)	4	7	(17)	(5)	-	6	12
<b>Economic Net Income</b>	<b>\$ 273</b>	<b>\$ 180</b>	<b>\$ (128)</b>	<b>\$ 73</b>	<b>\$ 89</b>	<b>\$ 726</b>	<b>\$ 1,285</b>	<b>\$ 962</b>	<b>\$ 397</b>	<b>\$ 212</b>
(-) Net Performance Fees	282	149	(149)	109	75	515	1,191	807	392	185
(-) Investment Income (Loss)	(28)	11	(6)	1	(6)	42	(42)	(11)	(22)	(1)
(+) Equity-Based Compensation	32	28	31	31	31	2	16	80	122	121
(+) Reserve for litigation and contingencies	-	-	-	50	-	-	-	-	50	50
<b>Fee Related Earnings</b>	<b>\$ 51</b>	<b>\$ 47</b>	<b>\$ 57</b>	<b>\$ 43</b>	<b>\$ 51</b>	<b>\$ 171</b>	<b>\$ 152</b>	<b>\$ 247</b>	<b>\$ 199</b>	<b>\$ 199</b>
(+) Realized Net Performance Fees	178	333	177	100	70	501	675	733	789	680
(+) Realized Investment Income (Loss)	(82)	6	9	2	8	16	11	(6)	(65)	25
<b>Distributable Earnings</b>	<b>\$ 148</b>	<b>\$ 386</b>	<b>\$ 244</b>	<b>\$ 145</b>	<b>\$ 129</b>	<b>\$ 689</b>	<b>\$ 837</b>	<b>\$ 973</b>	<b>\$ 923</b>	<b>\$ 904</b>
(+) Depreciation & Amortization	6	7	7	7	7	22	24	22	26	27
(+) Interest Expense	15	15	14	15	15	25	44	56	58	59
<b>Distributable EBITDA</b>	<b>\$ 168</b>	<b>\$ 408</b>	<b>\$ 265</b>	<b>\$ 167</b>	<b>\$ 151</b>	<b>\$ 736</b>	<b>\$ 905</b>	<b>\$ 1,051</b>	<b>\$ 1,007</b>	<b>\$ 990</b>

Note: Data as of 3/31/2016.

- Adjustments for partner compensation reflect amounts due to senior Carlyle professionals for compensation and performance fees allocated to them, which amounts were classified as distributions from partner's capital in the consolidated financial statements for periods prior to the reorganization and initial public offering in May 2012.
- Other Adjustments are comprised of losses associated with early extinguishment of debt, severance and lease terminations, provisions for income taxes attributable to non-controlling interests in consolidated entities, and gains on business acquisitions.