

CARLYLE

Carlyle Advances Insurance Solutions Strategy; Raises \$2.1 Billion for Fortitude Re and Enters Into New Advisory Agreement

March 31, 2022

- \$2.1 Billion Capital Raise Positions Fortitude Re for Continued Growth and Industry Leadership
- New Agreement with Fortitude Re Expected to Increase Global Credit Fee-Earning AUM by \$50 Billion and Expected to Increase Annualized Fee Related Earnings by \$50 Million

NEW YORK and HAMILTON – Global investment firm Carlyle (NASDAQ: CG) and FGH Parent, L.P., the parent company of Bermuda's largest multiline reinsurer (together with its subsidiaries, "Fortitude Re"), today announced significant milestones that advance Carlyle's Insurance Solutions strategy and position Carlyle and Fortitude Re for insurance industry leadership.

Carlyle has raised \$2.1 billion in equity capital for Fortitude Re from existing investors, including strategic co-investor T&D Insurance Group, underscoring their support for the strategy and Fortitude Re's prospects. Carlyle expects to contribute up to \$150 million from its balance sheet to this capital raise^[1]. The new capital will strengthen Fortitude Re's position to pursue further growth and provide innovative solutions to the global insurance industry.

In addition, Carlyle has entered into a new strategic advisory services agreement with Fortitude Re through a newly formed insurance advisor, Carlyle Insurance Solutions Management L.L.C. Under the agreement, Carlyle will provide Fortitude Re with M&A, transaction origination and execution, and capital management services, as well as source new growth opportunities. Fortitude Re will pay Carlyle's new advisor a recurring fee based on all of Fortitude Re's general account assets. This fee will adjust within an agreed range based on Fortitude Re's overall profitability. Investors participating in the capital raise will also make a minority investment in the newly formed advisor and share in the fees under the strategic advisory services agreement, creating further alignment among Carlyle and its investors.

It is expected that the new strategic advisory services agreement with Fortitude Re will increase Global Credit's Fee-earning AUM by \$50 billion and incremental annualized Fee Related Earnings ("FRE") by \$50 million, each effective April 1, 2022. Carlyle's Fee-earning AUM and FRE are expected to grow as Fortitude Re delivers on its growth strategy. If Fortitude Re grows as anticipated, Carlyle expects to more than double the FRE generated by this advisory relationship by 2025.

Mark Jenkins, Head of Global Credit at Carlyle, said, "Our approach is all about creating alignment and building a structure that benefits Carlyle, Fortitude Re, our investors and Fortitude Re's policyholders. These transactions position us to accelerate Fortitude Re's growth while meaningfully increasing Global Credit AUM and FRE to deliver shareholder value."

Brian Schreiber, Head of Carlyle Insurance Solutions, said, "These milestones significantly accelerate our Insurance Solutions strategy and enhance our capabilities to pursue the multi-trillion dollar global market opportunity for legacy liabilities. We made great strides in 2021 with several transactions across all of Fortitude Re's lines of business and are honored to have the support of a world-class group of counterparties and investors."

James Bracken, CEO of Fortitude Re, said, "We are very pleased to expand our successful partnership with Carlyle, strengthening Fortitude Re's capabilities to serve our insurance clients and their policyholders. We expect this strategic agreement with Carlyle, including the significant capital raise, will support our continued growth as a leading global reinsurer of legacy insurance portfolios."

Fortitude Re will have substantial financial flexibility arising from adjusted equity capital of more than \$6 billion inclusive of this capital raise. Including the previously announced acquisition of Prudential Annuities Life Assurance Corporation, Fortitude Re will manage a general account of approximately \$55 billion across life, annuity and property casualty insurance products. Led by a team of seasoned insurance executives with deep expertise and decades of experience in underwriting, policy administration, claims management and risk management, Fortitude Re provides bespoke transactional solutions for leading insurers around the world.

Debevoise & Plimpton LLP acted as legal counsel to Carlyle.

Conference Call

Carlyle will host a conference call at 11:00 a.m. EDT on Thursday, March 31, 2022 to discuss this announcement, other recent transactions involving CBAM and iStar, as well as updated 2022 FRE guidance. The conference call will be available via public webcast from the Shareholders section of Carlyle's website at www.carlyle.com along with an accompanying presentation. A replay of the conference call webcast will be available on the website soon after the call's completion.

About Carlyle

Carlyle (NASDAQ: CG) is a global investment firm with deep industry expertise that deploys private capital across three business segments: Global Private Equity, Global Credit and Global Investment Solutions. With \$301 billion of assets under management as of December 31, 2021, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. Carlyle employs nearly 1,850 people in 26 offices across five continents. Further information is available at www.carlyle.com. Follow Carlyle on Twitter @OneCarlyle.

About Fortitude Re

Fortitude Re includes Bermuda's largest multi-line composite reinsurer with unique competitive advantages and expertise to design bespoke transactional solutions for legacy Life & Annuity and P&C lines. Fortitude Re is an independent company backed by a consortium of sophisticated investor groups led by The Carlyle Group and T&D Insurance Group. For more information, visit www.fortitude-re.com. Follow Fortitude Re on LinkedIn.

Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, but are not limited to, statements related to our expectations, estimates, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, including statements with respect to the proposed Fortitude Re equity capital raise and restructuring, including Carlyle's capital contribution and expected loss relating to the expected reduction in value of its investment in Fortitude Re in connection with the transaction; Fortitude Re's growth, leadership and market opportunity; the transaction's effects on AUM, Fee Related Earnings and other performance metrics, the performance of the new strategic services advisory agreement and the timing of such effects; the availability of cash on hand to fund the transaction; and the expected timing of funding and other aspects of the transaction. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, failure to complete the transaction or otherwise realize its anticipated benefits within the expected timeframes, unforeseen liabilities and other costs of the transaction and timing related thereto, and those described under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 10, 2022, as such factors may be updated from time to time in our periodic filings with the 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 release and in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Media Contacts

Christa Zipf
Carlyle
Christa.zipf@carlyle.com
347-621-8967

Lara Watson
Fortitude Re
lara.watson@fortitude-re.com

Shareholder Contact

Daniel Harris
Carlyle
daniel.harris@carlyle.com
212-813-4527

¹¹ Following the funding of the capital raise, Carlyle's ownership of Fortitude Re will decrease from 19.9% to approximately 10.5% due in part to an ownership adjustment that is contemplated as part of the capital raise. Carlyle is expected to recognize a reduction in the value of its investment in Fortitude Re in our U.S. GAAP results due to this ownership adjustment. The reduction in value is expected to occur in two phases as capital is drawn in Q2 and Q4 2022, with an estimated total loss of approximately \$277 million based on the carrying value of our investment as of March 31, 2022. The estimated charge is subject to change based on the timing of the ownership adjustment and changes in the carrying value of our investment.