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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 27, 2016**

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**The Carlyle Group L.P.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-35538**  
(Commission  
File Number)

**45-2832612**  
(IRS Employer  
Identification No.)

**1001 Pennsylvania Avenue, NW**  
**Washington, D.C.**  
(Address of Principal Executive Offices)

**20004-2505**  
(Zip Code)

**(202) 729-5626**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02                      Results of Operations and Financial Condition.**

On July 27, 2016, The Carlyle Group L.P. issued a summary press release and a detailed earnings presentation announcing financial results for its second quarter ended June 30, 2016. The summary press release and the earnings presentation are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Report.

As provided in General Instruction B.2 of Form 8-K, the information in this Item 2.02 and Exhibits 99.1 and 99.2 incorporated in this Form 8-K shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall such information or Exhibits 99.1 and 99.2 be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01                      Financial Statements and Exhibits.**

**(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Summary earnings press release of The Carlyle Group L.P., dated July 27, 2016.
99.2	Earnings presentation of The Carlyle Group L.P., dated July 27, 2016.

## SIGNATURE

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 hereunto duly authorized.

THE CARLYLE GROUP L.P.

By: Carlyle Group Management L.L.C.,  
its general partner

Date: July 27, 2016

By: /s/ Curtis L. Buser

Name: Curtis L. Buser

Title: Chief Financial Officer

## EXHIBIT INDEX

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# THE CARLYLE GROUP

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## The Carlyle Group Announces Second Quarter 2016 Financial Results

**Washington, DC, July 27, 2016** – Global alternative asset manager The Carlyle Group L.P. (NASDAQ: CG) today reported its unaudited results for the second quarter ended June 30, 2016.

Carlyle Co-CEO David M. Rubenstein said, “Carlyle performed well on all metrics in the quarter, with \$5.0 billion in gross new fund commitments, 5% appreciation across our carry fund portfolio, \$5.3 billion in realized proceeds for our fund investors and a healthy \$0.63 per common unit distribution for unitholders. Our firm is well positioned to take advantage of market opportunities wherever and whenever they may arise.”

Carlyle Co-CEO William E. Conway, Jr. said, “Our diverse and experienced investment teams continue to find attractive new opportunities to deploy investor capital, and we have invested \$12.7 billion in equity over the last twelve months. While this is a challenging time to invest given low or negative interest rates around the world alongside slowing growth, I am confident our investment teams will continue to find good opportunities.”

U.S. GAAP results for Q2 2016 included income before provision for income taxes of \$68 million, and net income attributable to the common unitholders through The Carlyle Group L.P. of \$6 million, or net income per common unit of \$0.07, on a diluted basis. U.S. GAAP results for the twelve months ended June 30, 2016 included loss before provision for income taxes of \$604 million and net loss attributable to The Carlyle Group L.P. of \$74 million. Total balance sheet assets were \$10 billion as of June 30, 2016.

In addition to this release, Carlyle issued a full detailed presentation of its second quarter 2016 results, which can be viewed on the investor relations section of our website at [ir.carlyle.com](http://ir.carlyle.com).

### **Distribution**

The Board of Directors has declared a quarterly distribution of \$0.63 per common unit to holders of record at the close of business on August 15, 2016, payable on August 24, 2016.

### **Conference Call**

Carlyle will host a conference call at 8:30 a.m. EDT on Wednesday, July 27, 2016, to announce its second quarter 2016 financial results.

The call may be accessed by dialing +1 (800) 850-2903 (U.S.) or +1 (253) 237-1169 (international) and referencing “The Carlyle Group Financial Results Call.” The conference call will be webcast simultaneously via a link on Carlyle’s investor relations website at [ir.carlyle.com](http://ir.carlyle.com) and an archived replay of the webcast also will be available on the website soon after the live call.

## **About The Carlyle Group**

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$176 billion of assets under management across 127 funds and 164 fund of funds vehicles as of June 30, 2016. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,650 people in 35 offices across six continents.

## **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 regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements. 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. These statements are subject to risks, uncertainties and assumptions, including those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 24, 2016, 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](http://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.

This release does not constitute an offer for any Carlyle fund.

## **Contacts:**

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Web: [www.carlyle.com](http://www.carlyle.com)

Videos: [www.youtube.com/onecarlyle](http://www.youtube.com/onecarlyle)

Tweets: [www.twitter.com/onecarlyle](http://www.twitter.com/onecarlyle)

Podcasts: [www.carlyle.com/about-carlyle/market-commentary](http://www.carlyle.com/about-carlyle/market-commentary)

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# THE CARLYLE GROUP

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**For Immediate Release**  
**July 27, 2016**

## **The Carlyle Group Announces Second Quarter 2016 Financial Results**

- **Declared a quarterly distribution of \$0.63 per common unit for Q2 2016**
- **\$2.9 billion in equity invested in Q2 2016 and \$12.7 billion invested over the last twelve months**
- **\$5.3 billion in realized proceeds in Q2 2016 and \$16.3 billion realized over the last twelve months**
- **\$5.0 billion in gross new capital raised and \$3.6 billion raised on a net basis after redemptions in Q2 2016; \$16.8 billion in gross new capital raised and \$11.0 billion on a net basis after redemptions over the last twelve months**
- **U.S. GAAP net income (loss) attributable to The Carlyle Group L.P. of \$6 million, or \$0.07 per common unit on a diluted basis, for Q2 2016 and \$(74) million over the last twelve months**
- **\$288 million of Distributable Earnings on a pre-tax basis for Q2 2016 and \$805 million over the last twelve months; \$0.84 per common unit on a post-tax basis in Q2 2016**
- **Economic Net Income of \$158 million on a pre-tax basis and \$0.35 per Adjusted Unit on a post-tax basis in Q2 2016, driven by 5% carry fund portfolio appreciation**

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## Second Quarter Distribution

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### **Distribution Policy**

It is Carlyle's intention to cause Carlyle Holdings to make quarterly distributions to its partners, including The Carlyle Group L.P.'s wholly owned subsidiaries, that will enable The Carlyle Group L.P. to pay a quarterly distribution of approximately 75% of Distributable Earnings per common unit, net of taxes and amounts payable under the tax receivable agreement, for the quarter. Carlyle's general partner may adjust the distribution for amounts determined to be necessary or appropriate to provide for the conduct of its business, to make appropriate investments in its business and its funds or to comply with applicable law or any of its financing agreements, or to provide for future cash requirements such as tax-related payments, clawback obligations and distributions to unitholders for any ensuing quarter. The amount to be distributed could also be adjusted upward in any one quarter. The declaration and payment of any distributions is at the sole discretion of Carlyle's general partner, which may change or eliminate the distribution policy at any time.



## Performance Metrics

Carlyle evaluates the underlying performance of its business on four key metrics: funds raised, equity invested, carry fund returns and realized proceeds for fund investors. The table below highlights the results of these metrics for Q2 2016, year-to-date (YTD) and for the last twelve months (LTM)<sup>1</sup>.

During Q2 2016, Carlyle generated \$3.6 billion of net funds raised. Carlyle raised gross new capital of \$5.0 billion across its fund platform, which was partially offset by gross redemptions of \$0.6 billion in our hedge fund partnerships and the return of \$0.7 billion in fund investor capital related to our previously announced wind down of Diversified Global Asset Management ("DGAM").

Net Funds Raised			Equity Invested		
Q2	\$3.6 billion		Q2	\$2.9 billion	
	YTD: \$3.7 bn	LTM: \$11.0 bn		YTD: \$6.8 bn	LTM: \$12.7 bn
Realized Proceeds			Carry Fund Returns		
Q2	\$5.3 billion		Q2	5%	
	YTD: \$8.5 bn	LTM: \$16.3 bn		YTD: 6%	LTM: 3%

Note: Equity Invested and Realized Proceeds reflect carry funds only.

During Q2 2016, within its carry funds, Carlyle generated realized proceeds of \$5.3 billion from 144 investments across 48 carry funds. Carlyle invested \$2.9 billion of equity in 155 new or follow-on investments across 30 carry funds in Q2 2016. On an LTM basis, Carlyle realized proceeds of \$16.3 billion and invested \$12.7 billion.

Segment (Carry Funds Only)		Realized Proceeds			Equity Invested		
		# of Investments	# of Funds	\$ millions	# of Investments	# of Funds	\$ millions
Q2	Corporate Private Equity	46	23	\$4,033	16	12	\$1,422
	Global Market Strategies	33	8	\$154	7	3	\$98
	Real Assets	66	17	\$1,127	132	15	\$1,388
	<b>Carlyle</b>	<b>144</b>	<b>48</b>	<b>\$5,314</b>	<b>155</b>	<b>30</b>	<b>\$2,908</b>
LTM	Corporate Private Equity	100	29	\$11,285	61	19	\$8,148
	Global Market Strategies	45	8	\$332	22	5	\$718
	Real Assets	158	21	\$4,636	210	18	\$3,813
	<b>Carlyle</b>	<b>300</b>	<b>58</b>	<b>\$16,253</b>	<b>292</b>	<b>42</b>	<b>\$12,678</b>

Note: The columns may not sum as some investments cross segment lines, but are only counted one time for Carlyle results.

<sup>1</sup> LTM, or last twelve months, refers to the period Q3 2015 through Q2 2016. Prior LTM, or the prior rolling 12-month period, refers to the period Q3 2014 through Q2 2015.

## Carlyle Consolidated GAAP Results

**Net income attributable to The Carlyle Group L.P.** was \$6 million for Q2 2016, or \$0.07 per common unit on a diluted basis, compared to \$31 million for Q2 2015, or \$0.34 per common unit on a diluted basis.

- The decrease of \$25 million in net income attributable to The Carlyle Group L.P. in Q2 2016 compared to Q2 2015 is primarily due to a \$15 million increase in the provision for income taxes attributable to The Carlyle Group L.P. primarily due to a larger share of quarterly net performance fees being subject to income tax in Q2 2016 as compared to Q2 2015. The remaining \$10 million decrease is due to lower pretax income in Q2 2016 compared to Q2 2015 due primarily to lower catch-up management fees and lower net performance fees.

**Income before provision for income taxes<sup>(1)</sup>** was \$68 million for Q2 2016, compared to \$474 million for Q2 2015.

- The decrease in income before provision for income taxes in Q2 2016 compared to Q2 2015 is primarily due to a \$455 million decrease in net investment gains of consolidated funds. The decreases in revenues from consolidated entities, expenses from consolidated entities and net investment gains of consolidated entities relate primarily to the deconsolidation of the fund of funds vehicles and hedge funds, as well as many of the CLOs, on January 1, 2016, as a result of the adoption of new U.S. GAAP consolidation guidance.

### The Carlyle Group L.P. Summary U.S. GAAP Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended				Jun 30, 2016	LTM Jun 30, 2016
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016		
	(Dollars in millions, except per unit data)					
<b>Revenues</b>						
Fund management fees	\$ 282.3	\$ 278.3	\$ 255.1	\$ 289.5	\$ 272.5	\$ 1,095.4
Total performance fees	294.9	(246.6)	203.6	145.2	210.9	313.1
Total investment income (loss)	9.2	(9.5)	8.7	(9.6)	65.3	54.9
Revenue from consolidated entities	264.8	270.3	245.7	53.3	54.3	623.6
All other revenues	4.9	5.0	2.7	4.7	5.0	17.4
Total revenues	856.1	297.5	715.8	483.1	608.0	2,104.4
<b>Expenses</b>						
Base compensation	128.6	163.5	160.0	166.3	149.9	639.7
Equity-based compensation	114.3	86.8	87.0	75.4	109.0	358.2
Total performance fee related compensation	171.7	(72.9)	95.4	69.5	96.5	188.5
General, administrative and other expenses	132.8	289.6	173.6	82.3	91.4	636.9
Expenses from consolidated entities	284.6	323.7	267.8	46.8	84.0	722.3
Interest and other nonoperating expenses	11.6	4.6	18.7	19.1	16.1	58.5
Total expenses	843.6	795.3	802.5	459.4	546.9	2,604.1
Net investment gains (losses) of consolidated funds	461.6	(31.3)	(71.4)	(8.4)	6.7	(104.4)
Income (loss) before provision for income taxes	474.1	(529.1)	(158.1)	15.3	67.8	(604.1)
Provision (benefit) for income taxes	6.0	(4.1)	(10.3)	7.4	24.3	17.3
Net income (loss)	468.1	(525.0)	(147.8)	7.9	43.5	(621.4)
Net income (loss) attributable to non-controlling interests in consolidated entities	370.8	(152.4)	(119.6)	(2.3)	1.6	(272.7)
Net income (loss) attributable to Carlyle Holdings	97.3	(372.6)	(28.2)	10.2	41.9	(348.7)
Net income (loss) attributable to non-controlling interests in Carlyle Holdings	66.7	(288.7)	(23.6)	1.8	35.8	(274.7)
Net income (loss) attributable to The Carlyle Group L.P.	\$ 30.6	\$ (83.9)	\$ (4.6)	\$ 8.4	\$ 6.1	\$ (74.0)
Net income (loss) attributable to The Carlyle Group L.P. per common unit						
Basic	\$ 0.42	\$ (1.05)	\$ (0.06)	\$ 0.10	\$ 0.07	
Diluted	\$ 0.34	\$ (1.11)	\$ (0.06)	\$ 0.01	\$ 0.07	

(1) Income before provision for income taxes is the GAAP measure that is most directly comparable to Economic Net Income (ENI) and Distributable Earnings, which management uses to measure the performance of the business. In most periods, income before provision for income taxes will be lower than ENI principally due to excluding equity compensation from awards issued in conjunction with the initial public offering, acquisitions and strategic investments, as well as other acquisition related charges including amortization of intangibles and impairment from ENI. In periods of positive earnings, net income attributable to The Carlyle Group L.P. typically will be lower than ENI as net income attributable to The Carlyle Group L.P. only includes the portion of earnings (about 25% before taxes as of June 30, 2016) that is attributable to the public unitholders whereas the calculation of ENI reflects the adjusted earnings attributable to all unitholders. A full reconciliation is included on page 33. See "Non-GAAP Financial Information and Other Key Terms" for additional information.

## Carlyle All Segment Results

- **Distributable Earnings (DE): \$288 million for Q2 2016 and \$805 million on an LTM basis**

**Distributable Earnings** were \$288 million for Q2 2016, or \$0.84 per common unit on a post-tax basis, compared to \$386 million for Q2 2015. DE was \$805 million on an LTM basis, 20% lower than the prior LTM.

- **Fee-Related Earnings (FRE)** were \$45 million for Q2 2016, down 5% relative to \$47 million in Q2 2015. Total fee revenue of \$288 million was \$28 million lower than Q2 2015, largely due to lower catch-up management fees of \$5 million compared to \$34 million in Q2 2015. Cash compensation of \$147 million, excluding equity-based compensation, was \$11 million lower compared to Q2 2015, while general and administrative expenses were \$16 million lower than in Q2 2015. Lower fundraising in the quarter contributed to lower cash compensation and lower general and administrative expenses than in Q2 2015. FRE was \$196 million on an LTM basis, 14% lower than the prior LTM.
- **Realized Net Performance Fees** were \$233 million for Q2 2016, compared to \$333 million for Q2 2015, with the decrease due to modestly lower realized proceeds and a lower effective carry rate on realized gains in Carlyle Partners V. For Q2 2016, net realized performance fees included fees related to exits in RAC, Marle, Axalta, Booz Allen, CommScope, Coresite, and NXP, among others. Realized Net Performance Fees were \$581 million on an LTM basis, 33% lower than the prior LTM.
- **Realized Investment Income** was \$9 million in Q2 2016, with gains in Corporate Private Equity and U.S. Real Estate, partially offset by realized losses in other Real Assets investments, primarily Urbplan Desenvolvimento Urbano S.A. ("Urbplan").

- **Economic Net Income (ENI): \$158 million for Q2 2016 and \$191 million on an LTM basis**

- Q2 2016 ENI was positively impacted by strong carry fund valuations largely in our U.S. Real Estate funds, as well as certain buyout, growth, and natural resources funds. Net performance fees were \$115 million compared to \$149 million in Q2 2015. On an LTM basis, ENI of \$191 million was 77% lower than the prior LTM.
- Carlyle generated ENI per Adjusted Unit of \$0.35 on a post-tax basis for Q2 2016. The Q2 2016 provision for income tax was higher than prior periods as a larger share of quarterly earnings were generated from performance fees that resulted in tax obligations than in prior quarters.

The Carlyle Group L.P. - All Segments	Quarter					LTM	% Change		
<i>\$ in millions, except per unit data and where noted</i>	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 15 - Q2 16	QoQ	YoY	LTM
Revenues	663	94	491	451	533	1,568	18%	(20)%	(43)%
Expenses	484	222	418	363	374	1,377	3%	(23)%	(30)%
Economic Net Income (Loss)	180	(128)	73	89	158	191	79%	(12)%	(77)%
Fee-Related Earnings	47	57	43	51	45	196	(12)%	(5)%	(14)%
Net Performance Fees	149	(149)	109	75	115	151	53%	(23)%	(79)%
Realized Net Performance Fees	333	177	100	70	233	581	233%	(30)%	(33)%
Distributable Earnings	386	244	145	129	288	805	124%	(26)%	(20)%
Distributable Earnings per common unit (after taxes)	\$1.18	\$0.74	\$0.38	\$0.35	\$0.84				
Distribution per common unit	\$0.89	\$0.56	\$0.29	\$0.26	\$0.63				
Total Assets Under Management (\$ in billions)	192.8	187.7	182.6	178.1	175.6		(1)%	(9)%	(9)%
Fee-Earning Assets Under Management (\$ in billions)	130.0	128.1	131.0	130.3	125.3		(4)%	(4)%	(4)%

Note: Totals may not sum due to rounding.

## Carry Fund Performance and Net Accrued Performance Fees

Carlyle's carry fund portfolio valuation increased 5% during Q2 2016, 3% over the past twelve months. Both the carry fund public portfolio and the private portfolio appreciated 5% during Q2 2016. Second quarter carry fund valuations were positively impacted by strength in U.S. Real Estate funds, NGP carry funds, and our latest vintage U.S. Buyout fund, while depreciation in our energy mezzanine funds within Global Market Strategies negatively impacted valuations. NGP funds X and XI appreciated a weighted 19% during the quarter.

As of Q2 2016, net accrued performance fees of \$1.2 billion were down modestly from the end of Q1 2016 and lower compared to \$1.6 billion at the end of Q2 2015. The decline compared to Q2 2015 is primarily due to strong exit activity in Corporate Private Equity and Real Estate funds that realized carry.

Fund Valuations (\$ in millions)	2014				2015				2016		Net Accrued Performance Fees
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q2 2016
<b>Overall Carry Fund Appreciation/ (Depreciation) <sup>(1,2)</sup></b>	<b>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>	<b>5%</b>	
<b>Corporate Private Equity <sup>(3)</sup></b>	<b>8%</b>	<b>5%</b>	<b>3%</b>	<b>7%</b>	<b>8%</b>	<b>5%</b>	<b>(3)%</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>	<b>\$950</b>
Buyout	8%	5%	3%	7%	9%	4%	(3)%	3%	1%	4%	\$904
Growth Capital	0%	13%	8%	1%	3%	11%	0%	0%	(2)%	3%	\$46
<b>Real Assets <sup>(3)</sup></b>	<b>2%</b>	<b>3%</b>	<b>2%</b>	<b>(8)%</b>	<b>2%</b>	<b>0%</b>	<b>(5)%</b>	<b>0%</b>	<b>1%</b>	<b>7%</b>	<b>\$184</b>
Real Estate	2%	4%	4%	8%	11%	4%	6%	6%	8%	8%	\$242
Natural Resources <sup>(4)</sup>			3%	(8)%	1%	0%	(4)%	0%	(2)%	11%	\$18
Legacy Energy	1%	2%	0%	(17)%	(3)%	(3)%	(17)%	(7)%	(3)%	3%	(\$76)
<b>Global Market Strategies Carry Funds <sup>(3)</sup></b>	<b>3%</b>	<b>12%</b>	<b>6%</b>	<b>(2)%</b>	<b>3%</b>	<b>2%</b>	<b>(9)%</b>	<b>(4)%</b>	<b>(12)%</b>	<b>(2)%</b>	<b>\$36</b>
<b>Non-Carry Fund / Other <sup>(5)</sup></b>											<b>\$46</b>
<b>Net Accrued Performance Fees</b>											<b>\$1,216</b>

(1) Appreciation/(Depreciation) represents unrealized gain/(loss) for the period on a total return basis before fees and expenses. The percentage of return is calculated as: ending remaining investment fair market value plus net investment outflow (sales proceeds minus net purchases) minus beginning remaining investment fair market value divided by beginning remaining investment fair market value. Fund only, does not include co-investment.

(2) Carlyle's "carry funds" refer to (i) those investment funds that we advise, including the buyout funds, growth capital funds, real estate funds, infrastructure funds, certain energy funds and opportunistic credit, distressed debt and mezzanine funds (but excluding our structured credit/other structured product funds, hedge funds, business development companies, mutual fund, and fund of funds vehicles), where we receive a special residual allocation of income, which we refer to as a carried interest, in the event that specified investment returns are achieved by the fund and (ii) those investment funds advised by NGP from which we are entitled to receive a carried interest.

(3) We generally earn performance fees (or carried interest) from our carry funds representing a 20% allocation of profits generated on third-party capital after returning the invested capital, the allocation of preferred returns of generally 8% or 9% and return of certain fund costs. Our net interest in the performance fees after allocations to our investment professionals or other parties varies based on each fund. For our Corporate Private Equity, Global Market Strategies, Real Estate and Natural Resources carry funds (excluding NGP) our net interest in performance fees is generally 55%. Our net interest in the performance fees from the NGP carry funds ranges from 40% to 47.5%. Our net interest in the performance fees from our Legacy Energy carry funds generally ranges from 16% to 40%, with a weighted average of 18.4% based on remaining fair value invested as of June 30, 2016.

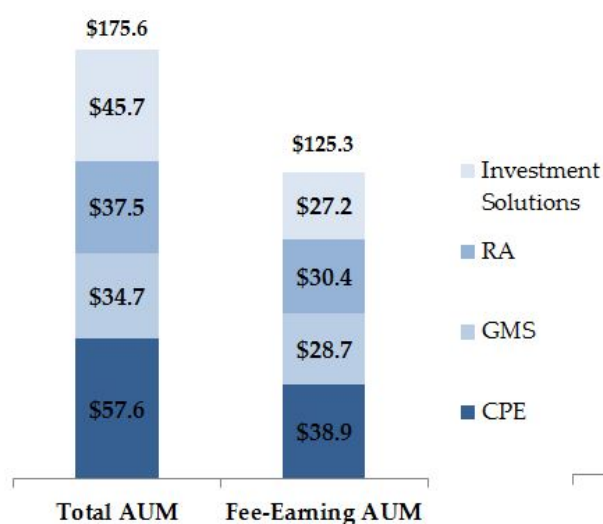
(4) Natural Resources is comprised of NGP, infrastructure, power and international energy funds.

(5) Includes structured credit/other structured product funds, hedge funds, business development companies, mutual fund and Investment Solutions vehicles.

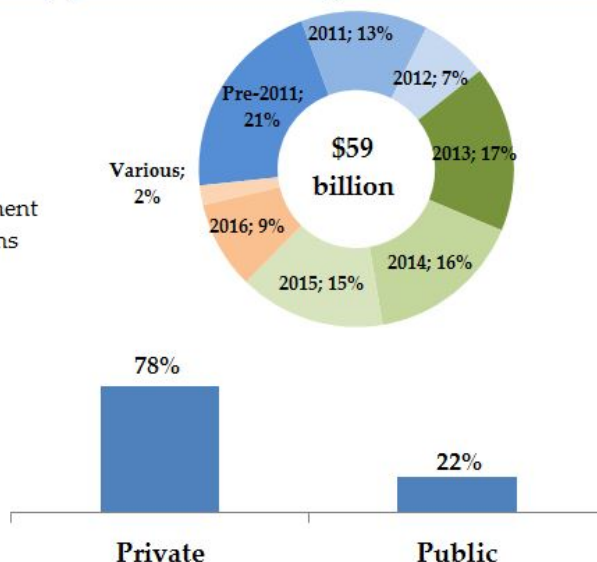
## Assets Under Management and Remaining Fair Value of Capital

- **Total Assets Under Management: \$175.6 billion as of Q2 2016 (-9% LTM)**
  - Major drivers of change versus Q1 2016: Distributions (-\$6.2 billion), net redemptions (-\$1.2 billion) and foreign exchange impact (-\$1.1 billion), offset by market appreciation (+\$4.0 billion) and commitments, net of expired capital (+\$1.7 billion).
  - **Total Dry Powder of \$55.1 billion as of Q2 2016**, comprised of \$20.6 billion in Corporate Private Equity, \$5.3 billion in Global Market Strategies, \$14.5 billion in Real Assets and \$14.8 billion in Investment Solutions.
- **Fee-Earning Assets Under Management: \$125.3 billion as of Q2 2016 (-4% LTM)**
  - Major drivers of change versus Q1 2016: Net distributions and outflows (-\$5.6 billion), net redemptions (-\$1.2 billion), foreign exchange impact (-\$0.8 billion) and market depreciation (-\$0.1 billion), offset by inflows, including fee-paying commitments (+\$1.9 billion) and changes in CLO collateral balance (+\$0.8 billion).
  - Fee-Earning AUM was positively impacted during the second quarter by final commitments into our second power fund, the pricing of three new CLOs and fundraising and activation of mandates in our AlpInvest fund vehicles, offset by redemptions in our hedge fund partnerships and return of capital to DGAM investors.
  - During Q2 2016, our hedge funds partnerships and commodities vehicles returned \$0.6 billion in gross redemptions to their fund investors. Over the next several quarters, our hedge fund partnerships expect to return more than \$1 billion in additional redemptions, excluding potential gross inflows.
- **Remaining Fair Value of Capital (carry funds only) as of Q2 2016: \$59.1 billion**
  - Current Multiple of Invested Capital (MOIC) of remaining fair value of capital: **1.1x**.
  - Total Fair Value derived from investments made in 2011 or earlier: 34%.
  - AUM in-carry ratio as of the end of Q2 2016: **48%** which is up from 45% in the prior quarter.

**Assets Under Management (\$ billion)**



**Remaining Fair Value<sup>(1)</sup>**



Note: Data as of June 30, 2016. (1) Fair value of remaining carry fund capital in the ground, by vintage. Totals may not sum due to rounding.

## Non-GAAP Operating Results

Carlyle's non-GAAP results for Q2 2016 are provided in the table below:

### Carlyle Group Summary

\$ in millions, except unit and per unit amounts

Economic Net Income		Q2 2016
Economic Net Income (pre-tax)	\$	158.3
Less: Provision for income taxes (1)		43.2
Economic Net Income, After Taxes	\$	115.1
Adjusted Units (in millions) (2)		328.6
<b>Economic Net Income, After Taxes per Adjusted Unit</b>	<b>\$</b>	<b>0.35</b>
Distributable Earnings		
Distributable Earnings	\$	287.5
Less: Estimated foreign, state, and local taxes (3)		6.6
Distributable Earnings, After Taxes	\$	280.9
<i>Allocating Distributable Earnings for only public unitholders of The Carlyle Group L.P.</i>		
Distributable Earnings to The Carlyle Group L.P.	\$	72.9
Less: Estimated current corporate income taxes (4)		1.4
Distributable Earnings to The Carlyle Group L.P. net of corporate income taxes	\$	71.5
Units in public float (in millions)(5)		85.1
Distributable Earnings, net, per The Carlyle Group L.P. common unit outstanding	\$	0.84

(1) Represents the implied provision for income taxes that was calculated using a similar methodology as that used in calculating the provision for income taxes for The Carlyle Group L.P., without any reduction for non-controlling interests.

(2) For information regarding our calculation of Adjusted Units, please see page 34.

(3) Represents the implied provision for current income taxes that was calculated using a similar methodology as that used in calculating the provision for current income taxes for The Carlyle Group L.P., without any reduction for non-controlling interests.

(4) Represents current corporate income taxes payable on Distributable Earnings allocated to Carlyle Holdings I GP Inc. and estimated current Tax Receivable Agreement payments owed.

(5) Includes 3,567,643 common units that we estimate will be issued in July and August 2016 in connection with the vesting of deferred restricted common units. For purposes of this calculation, these common units have been added to the common units outstanding as of June 30, 2016 because they will participate in the unitholder distribution that will be paid in August 2016. This amount does not reflect the repurchase of 32,300 common units that were pending settlement as of June 30, 2016 and have been subtracted from the common units outstanding for purposes of this calculation.

## Corporate Private Equity (CPE)

Net Funds Raised		Equity Invested		Realized Proceeds		Carry Fund Returns	
Q2	\$0.3 billion	Q2	\$1.4 billion	Q2	\$4.0 billion	Q2	4%
YTD: \$0.4 bn	LTM: \$4.8 bn	YTD: \$4.7 bn	LTM: \$8.1 bn	YTD: \$6.3 bn	LTM: \$11.3 bn	YTD: 5%	LTM: 5%

- **Distributable Earnings (DE): \$235 million for Q2 2016 and \$599 million on an LTM basis, compared to \$919 million for the prior LTM.** The following components impacted DE in Q2 2016:
  - **Fee-Related Earnings (FRE)** were \$23 million for Q2 2016, compared to \$38 million for Q2 2015. The decline in Q2 2016 was driven by zero catch up management fees in Q2 2016 compared to \$28 million in Q2 2015, partially offset by a \$7 million decrease in cash compensation expense. FRE was \$101 million on an LTM basis, compared to \$131 million for the prior LTM.
  - **Realized Net Performance Fees** were \$195 million for Q2 2016, compared to \$299 million for Q2 2015. Carlyle Europe Partners III, Carlyle Partners V and Carlyle Europe Technology Partners II generated the majority of CPE's realized net performance fees in Q2 2016. Realized Net Performance Fees were \$463 million on an LTM basis, compared to \$763 million for the prior LTM.
  - **Realized Investment Income** was \$18 million for Q2 2016, compared to \$8 million for Q2 2015. Results for Q2 2016 were primarily driven by realized gains in investments in our large buyout funds. Realized Investment Income was \$35 million on an LTM basis, compared to \$25 million for the prior LTM.
- **Economic Net Income (ENI): \$58 million for Q2 2016 and \$23 million on an LTM basis, compared to \$863 million for the prior LTM.** The LTM decline relative to the prior LTM was largely attributable to lower appreciation in our carry funds, as well as by modestly lower FRE and higher equity compensation.
  - CPE carry fund valuations increased 4% in Q2 2016 and increased 5% on an LTM basis, compared to an increase of 5% in Q2 2015.
  - **Net Performance Fees** were \$33 million for Q2 2016, compared to \$147 million for Q2 2015. Net Performance Fees were \$(2) million on an LTM basis, compared to \$752 million for the prior LTM.
- **Total Assets Under Management (AUM): \$57.6 billion as of Q2 2016 (-9% LTM).**
  - **Funds Raised** in Q2 2016 of \$0.3 billion were attributable to our latest vintage Asia growth fund and certain coinvestment vehicles.
  - **Fee-Earning Assets Under Management** of \$38.9 billion were down 5% versus Q1 2016 and down 3% versus Q2 2015. Major drivers of change versus Q1 2016: Outflows, including distributions and basis step downs (-\$2.2 billion), partially offset by inflows, including fee-paying commitments (+\$0.3 billion).

Corporate Private Equity	Quarter					LTM	% Change		
	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 15 - Q2 16	QoQ	YoY	LTM
<i>\$ in millions, except per unit data and where noted</i>									
Economic Net Income (Loss)	178	(130)	63	32	58	23	81%	(67)%	(97)%
Fee-Related Earnings	38	29	17	32	23	101	(31)%	(40)%	(23)%
Net Performance Fees	147	(141)	87	19	33	(2)	72%	(77)%	(100)%
Realized Net Performance Fees	299	138	62	68	195	463	188%	(35)%	(39)%
Distributable Earnings	345	178	81	105	235	599	125%	(32)%	(35)%
Total Assets Under Management (\$ in billions)	63.6	63.1	63.1	61.1	57.6		(6)%	(9)%	(9)%
Fee-Earning Assets Under Management (\$ in billions)	40.3	40.7	40.9	40.9	38.9		(5)%	(3)%	(3)%

Note: Totals may not sum due to rounding.

## Global Market Strategies (GMS)

Net Funds Raised		Equity Invested		Realized Proceeds		Carry Fund Returns	
Q2	\$1.6 billion	Q2	\$0.1 billion	Q2	\$0.2 billion	Q2	(2)%
YTD: \$1.1 bn	LTM: \$2.5 bn	YTD: \$0.2 bn	LTM: \$0.7 bn	YTD: \$0.2 bn	LTM: \$0.3 bn	YTD: (13)%	LTM: (27)%

Note: Funds Raised excludes acquisitions, but includes hedge funds, mutual fund and CLOs/other structured products. Equity Invested and Realized Proceeds are for carry funds only.

- Distributable Earnings (DE): \$7 million for Q2 2016 and \$34 million on an LTM basis, compared to \$59 million for the prior LTM.** The following components impacted DE in Q2 2016:
  - Fee-Related Earnings (FRE)** were \$1 million for Q2 2016, compared to \$(2) million for Q2 2015. The increase was driven by lower cash compensation expense and lower general administrative expense, including lower fundraising costs, partially offset by lower management fees. We are conducting a review of the GMS segment and currently anticipate Fee Related Earnings losses for the remainder of 2016 due in part to expected losses in the Claren Road Asset Management and Vermillion hedge funds and associated commodities products. FRE was \$9 million on an LTM basis, compared to \$34 million for the prior LTM.
  - Realized Net Performance Fees** were \$5 million for Q2 2016, compared to \$5 million for Q2 2015. Realized Net Performance Fees were \$20 million on an LTM basis, compared to \$17 million for the prior LTM.
  - Realized Investment Income** was \$1 million for Q2 2016, compared to \$1 million in Q2 2015. Realized Investment Income was \$4 million on an LTM basis, compared to \$9 million for the prior LTM.
- Economic Net Income/(Loss) (ENI): \$12 million for Q2 2016 and \$(43) million on an LTM basis, compared to \$24 million for the prior LTM.**
  - GMS carry fund valuations depreciated 2% in Q2 2016 and depreciated 27% on a LTM basis, as compared to 2% appreciation in Q2 2015, primarily owing to lower marks in our first energy mezzanine fund, partially offset by appreciation in our distressed debt funds. The asset-weighted hedge fund performance of our reported funds was +0.4% in Q2 2016.
  - Net Performance Fees** of \$5 million for Q2 2016, compared to \$6 million for Q2 2015. Net Performance Fees were \$(27) million on an LTM basis, compared to \$11 million for the prior LTM.
- Total Assets Under Management (AUM): \$34.7 billion as of Q2 2016 (-5% LTM).**
  - Fee-Earning AUM of \$28.7 billion were generally in line with Q1 2016 and declined 8% versus Q2 2015.
  - Total hedge fund AUM ended Q2 2016 at \$5.8 billion, versus \$6.3 billion at Q1 2016 and \$10.2 billion at Q2 2015. During the quarter, our hedge fund partnerships returned \$0.6 billion in gross redemptions to their fund investors. Over the next several quarters, our hedge fund partnerships expect to return between \$1 billion and \$2 billion in additional redemptions to fund investors.
  - GMS carry fund AUM ended Q2 2016 at \$7.4 billion.
  - Total structured credit/other structured product fund AUM ended Q2 2016 at \$19.9 billion.

Global Market Strategies	Quarter					LTM	% Change		
	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 15 - Q2 16	QoQ	YoY	LTM
<i>\$ in millions, except per unit data and where noted</i>									
Economic Net Income (Loss)	0	(28)	(22)	(6)	12	(43)	318%	NA	(281)%
Fee-Related Earnings	(2)	6	3	(1)	1	9	220%	171%	(73)%
Net Performance Fees	6	(27)	(6)	2	5	(27)	150%	(29)%	(335)%
Realized Net Performance Fees	5	6	8	1	5	20	370%	4%	22%
Distributable Earnings	4	15	11	1	7	34	738%	68%	(43)%
Total Assets Under Management (\$ in billions)	36.4	35.5	35.3	34.0	34.7		2%	(5)%	(5)%
Fee-Earning Assets Under Management (\$ in billions)	31.3	29.5	31.0	28.6	28.7		0%	(8)%	(8)%
Funds Raised, excluding hedge funds (\$ in billions)	1.8	1.5	1.6	1.0	2.1	6.1			
Hedge Fund Net Inflows (\$ in billions)	(0.6)	(0.7)	(0.9)	(1.5)	(0.5)	(3.6)			

Note: Totals may not sum due to rounding.



## Real Assets

Net Funds Raised		Equity Invested		Realized Proceeds		Carry Fund Returns	
Q2	\$0.5 billion	Q2	\$1.4 billion	Q2	\$1.1 billion	Q2	7%
YTD: \$0.7 bn	LTM: \$1.9 bn	YTD: \$1.9 bn	LTM: \$3.8 bn	YTD: \$2.0 bn	LTM: \$4.6 bn	YTD: 9%	LTM: 3%

Note: Funds Raised excludes acquisitions. Equity Invested and Realized Proceeds are for carry funds only.

- Distributable Earnings (DE): \$39 million for Q2 2016 and \$156 million on an LTM basis, compared to \$74 million for the prior LTM, excluding the impact of the Q1 2015 French tax judgment of \$(80) million.** The following components impacted DE in Q2 2016.
  - Fee-Related Earnings (FRE)** were \$15 million for Q2 2016, compared to \$12 million for Q2 2015. The increase in Q2 2016 FRE is due to higher management fee revenue relative to Q2 2015, primarily driven by the activation of fees in NGP XI and fundraising for our recently closed second Power fund, partially offset by higher cash compensation. Catch-up management fees in Q2 2016 were \$5 million compared to \$6 million in Q2 2015. FRE was \$73 million on an LTM basis, compared to \$43 million for the prior LTM.
  - Realized Net Performance Fees** were \$34 million for Q2 2016, compared to \$28 million for Q2 2015. The increase in Q2 2016 compared to Q2 2015 is due to higher realization in U.S. Real Estate funds. Realized Net Performance Fees were \$95 million on an LTM basis, compared to \$84 million for the prior LTM.
  - Realized Investment (Loss)** was \$(10) million for Q2 2016, compared to \$(3) million for Q2 2015. The decrease in Q2 2016 is attributable to higher realized losses in Urbplan, partially offset by gains in Real Estate investments. Realized investment (loss) was \$(11) million on an LTM basis, compared to \$(52) million for the prior LTM, excluding the impact of the Q1 2015 French tax judgment.
- Economic Net Income (Loss) (ENI): \$79 million for Q2 2016 and \$206 million on an LTM basis, compared to \$(63) million for the prior LTM, excluding the impact of the Q1 2015 French tax judgment.**
  - Real Assets carry fund valuations appreciated 7% in Q2 2016, compared to break-even valuations in Q2 2015.
  - Net Performance Fees** were \$74 million for Q2 2016, compared to \$(7) million for Q2 2015. Net performance fees were positively impacted by strength in U.S. Real Estate funds V and VII and NGP carry funds. Net Performance Fees were \$169 million on an LTM basis, compared to \$(68) million for the prior LTM.
- Total Assets Under Management (AUM): \$37.5 billion for Q2 2016 (-11% LTM).**
  - Funds Raised** in Q2 2016 of \$0.5 billion were driven largely by a final closing on our second Power fund and a first closing in our new core plus real estate fund.
  - Fee-Earning Assets Under Management** of \$30.4 billion in Q2 2016 declined by 1% versus Q1 2016 and increased 8% versus Q2 2015. Major drivers of change versus Q1 2016: Outflows, including distributions (-\$0.8 billion), partially offset by inflows, including fee-paying commitments (+\$0.6 billion).

Real Assets	Quarter					LTM	% Change		
	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 15 - Q2 16	QoQ	YoY	LTM
\$ in millions, except per unit data and where noted									
Economic Net Income <sup>(1)</sup>	1	26	39	62	79	206	28%	NM	428%
Fee-Related Earnings	12	20	22	16	15	73	(8)%	29%	68%
Net Performance Fees	(7)	16	26	54	74	169	36%	NM	351%
Realized Net Performance Fees	28	32	28	1	34	95	NM	18%	14%
Distributable Earnings <sup>(1)</sup>	37	47	51	20	39	156	100%	7%	110%
Total Assets Under Management (\$ in billions)	42.2	40.2	38.0	36.7	37.5		2%	(11)%	(11)%
Fee-Earning Assets Under Management (\$ in billions)	28.1	28.5	30.9	30.7	30.4		(1)%	8%	8%

(1) The YoY comparison excludes the impact of the Q1 2015 French tax judgment on Economic Net Income and Distributable Earnings.

Note: Totals may not sum due to rounding.

## Investment Solutions

- **Distributable Earnings (DE): \$7 million for Q2 2016 and \$16 million on an LTM basis, compared to \$29 million for the prior LTM.**
  - **Fee-Related Earnings (FRE)** were \$6 million for Q2 2016, compared to break-even for Q2 2015. During Q1 2016, we restructured the Investment Solutions segment and commenced the wind down of our fund of hedge funds and liquid alternatives platforms. This restructuring began to have a positive impact during the second quarter. The increase in Q2 2016 FRE was largely attributable to lower cash compensation and lower general and administrative expenses, partially offset by modestly lower management fees. FRE was \$13 million on an LTM basis, compared to \$20 million for the prior LTM.
  - **Realized Net Performance Fees** were \$1 million for Q2 2016, in line with \$1 million for Q2 2015. Realized Net Performance Fees were \$3 million on an LTM basis, compared to \$9 million for the prior LTM.
- **Economic Net Income (ENI) was \$9 million for Q2 2016 and \$6 million on an LTM basis, compared to \$25 million for the prior LTM.**
  - **Net Performance Fees** were \$4 million for Q2 2016, compared to \$3 million in Q2 2015. Net Performance Fees were \$11 million on an LTM basis, compared to \$13 million for the prior LTM.
- **Total Assets Under Management (AUM): \$45.7 billion for Q2 2016 (-10% LTM).**
  - Total AUM declined 10% from Q2 2015 due to distributions (-\$9.2 billion), net redemptions (-\$1.2 billion) including return of capital in DGAM and foreign exchange impact (-\$0.3 billion), partially offset by market appreciation (+\$3.5 billion) and new commitments (+\$2.6 billion).
  - Over the next several quarters, we expect to return the remaining \$0.8 billion in AUM to DGAM fund investors.
- **Fee-Earning Assets Under Management** of \$27.2 billion in Q2 2016 was 10% lower than Q1 2016 and was 10% lower compared to Q2 2015. Major drivers of change versus Q1 2016: Outflows, including distributions and basis step downs (-\$2.2 billion), net redemptions (-\$0.7 billion) and the impact of foreign exchange (-\$0.7 billion), partially offset by inflows including fee-paying commitments (+\$0.8 billion).

Investment Solutions	Quarter					LTM	% Change		
	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 15 - Q2 16	QoQ	YoY	LTM
<i>\$ in millions, except per unit data and where noted</i>									
Economic Net Income (Loss)	0	4	(7)	0	9	6	3,033%	2,250%	(74)%
Fee-Related Earnings	0	3	1	3	6	13	88%	6,300%	(33)%
Net Performance Fees	3	4	2	0	4	11	975%	48%	(16)%
Realized Net Performance Fees	1	1	2	1	1	3	0%	0%	(65)%
Distributable Earnings	0	3	3	4	7	16	76%	1,575%	(44)%
Total Assets Under Management (\$ in billions)	50.7	48.9	46.2	46.3	45.7		(1)%	(10)%	(10)%
Fee-Earning Assets Under Management (\$ in billions)	30.3	29.4	28.2	30.2	27.2		(10)%	(10)%	(10)%

Note: Totals may not sum due to rounding.

## Balance Sheet Highlights

The amounts presented below exclude the effect of U.S. GAAP consolidation eliminations on investments and accrued performance fees, as well as cash and debt associated with Carlyle's consolidated funds. All data is as of June 30, 2016.

- Cash and Cash Equivalents and Corporate Treasury Investments<sup>(1)</sup> of \$870 million.
- On-balance sheet investments attributable to unitholders of \$509 million, excluding the equity investment by Carlyle in NGP Energy Capital Management.
- Net accrued performance fees attributable to unitholders of \$1.2 billion. These performance fees are comprised of \$2.9 billion of gross accrued performance fees, less \$0.2 billion in accrued giveback obligation and \$1.5 billion in accrued performance fee compensation and non-controlling interest.
- Debt obligations, consisting of loans, senior notes, and promissory notes totaling \$1.3 billion.

During Q2 2016, Carlyle repurchased and retired approximately 1.9 million units for an aggregate purchase price of \$30 million (excluding 32,300 common units that were pending settlement at June 30, 2016). Cumulatively through June 30, 2016, Carlyle has repurchased and retired 2.3 million units for an aggregate purchase price of \$36 million as part of its previously announced \$200 million unit repurchase program, with the majority of repurchases done via open market transactions. The program remains in place and active.

(1) Corporate Treasury investments represent investments in U.S. Treasury and government agency obligations, commercial paper, certificates of deposit, other investment grade securities and other investments with original maturities of greater than three months when purchased.

### **Conference Call**

Carlyle will host a conference call at 8:30 a.m. EDT on Wednesday, July 27, 2016, to announce its second quarter 2016 financial results. The call may be accessed by dialing +1 (800) 850-2903 (U.S.) or +1 (253) 237-1169 (international) and referencing "The Carlyle Group Financial Results Call." The conference call will be webcast simultaneously via a link on Carlyle's investor relations website at [ir.carlyle.com](http://ir.carlyle.com) and an archived replay of the webcast also will be available on the website soon after the live call.

### **About The Carlyle Group**

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$176 billion of assets under management across 127 funds and 164 fund of funds vehicles as of June 30, 2016. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,650 people in 35 offices across six continents.

Web: [www.carlyle.com](http://www.carlyle.com)

Videos: [www.youtube.com/onecarlyle](http://www.youtube.com/onecarlyle)

Tweets: [www.twitter.com/onecarlyle](http://www.twitter.com/onecarlyle)

Podcasts: [www.carlyle.com/about-carlyle/market-commentary](http://www.carlyle.com/about-carlyle/market-commentary)

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**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 regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements. 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. These statements are subject to risks, uncertainties and assumptions, including those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 24, 2016, 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](http://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.

This release does not constitute an offer for any Carlyle fund.

**The Carlyle Group L.P.**  
**GAAP Statement of Operations (Unaudited)**

	Three Months Ended		Six Months Ended	
	Jun 30, 2015	Jun 30, 2016	Jun 30, 2015	Jun 30, 2016
(Dollars in millions, except unit and per unit data)				
<b>Revenues</b>				
Fund management fees	\$ 282.3	\$ 272.5	\$ 551.8	\$ 562.0
Performance fees				
Realized	595.0	389.9	921.8	521.7
Unrealized	(300.1)	(179.0)	(53.9)	(165.6)
Total performance fees	294.9	210.9	867.9	356.1
Investment income				
Realized	2.8	38.9	11.7	51.5
Unrealized	6.4	26.4	4.3	4.2
Total investment income	9.2	65.3	16.0	55.7
Interest and other income	4.9	5.0	10.9	9.7
Interest and other income of Consolidated Funds	257.0	35.9	483.3	64.8
Revenue of a consolidated real estate VIE	7.8	18.4	63.0	42.8
Total revenues	856.1	608.0	1,992.9	1,091.1
<b>Expenses</b>				
Compensation and benefits				
Base compensation	128.6	149.9	308.7	316.2
Equity-based compensation	114.3	109.0	204.2	184.4
Performance fee related				
Realized	263.5	172.4	406.5	234.0
Unrealized	(91.8)	(75.9)	81.9	(68.0)
Total compensation and benefits	414.6	355.4	1,001.3	666.6
General, administrative and other expenses	132.8	91.4	249.6	173.7
Interest	14.5	15.4	29.1	30.7
Interest and other expenses of Consolidated Funds	257.0	31.6	494.8	55.0
Interest and other expenses of a consolidated real estate VIE	27.6	52.4	97.6	75.8
Other non-operating (income) expense	(2.9)	0.7	(1.8)	4.5
Total expenses	843.6	546.9	1,870.6	1,006.3
<b>Other income (loss)</b>				
Net investment gains (losses) of Consolidated Funds	461.6	6.7	967.1	(1.7)
Income before provision for income taxes	474.1	67.8	1,089.4	83.1
Provision for income taxes	6.0	24.3	16.5	31.7
Net income	468.1	43.5	1,072.9	51.4
Net income (loss) attributable to non-controlling interests in consolidated entities	370.8	1.6	809.9	(0.7)
Net income attributable to Carlyle Holdings	97.3	41.9	263.0	52.1
Net income attributable to non-controlling interests in Carlyle Holdings	66.7	35.8	192.9	37.6
Net income attributable to The Carlyle Group L.P.	\$ 30.6	\$ 6.1	\$ 70.1	\$ 14.5
Net income attributable to The Carlyle Group L.P. per common unit				
Basic (1)	\$ 0.42	\$ 0.07	\$ 0.99	\$ 0.18
Diluted (1) (2)	\$ 0.34	\$ 0.07	\$ 0.85	\$ 0.09
<b>Weighted-average common units</b>				
Basic	71,781,981	81,683,415	69,744,646	81,284,238
Diluted	306,629,008	85,849,938	303,073,361	304,176,760

(1) Excluded from net income attributable to The Carlyle Group L.P. was approximately \$0.5 million that was allocable to participating securities under the two-class method for the three months ended June 30, 2015 and \$1.8 million for the six months ended June 30, 2015.

(2) Included in net income attributable to The Carlyle Group L.P. on a fully diluted basis is incremental net income from the assumed exchange of Carlyle Holdings partnership units of \$73.9 million and \$188.3 million for the three and six months ended June 30, 2015, respectively, and \$13.6 million for the six months ended June 30, 2016.

## Total Segment Information (Unaudited)

The following table sets forth information in the format used by management when making resource deployment decisions and in assessing the performance of our segments. The information below is the aggregate results of our four segments.

	Three Months Ended			Twelve Months Ended	
	Jun 30, 2015	Mar 31, 2016	Jun 30, 2016	Jun 30, 2015	Jun 30, 2016
(Dollars in millions)					
<b>Segment Revenues</b>					
Fund level fee revenues					
Fund management fees	\$ 310.8	\$ 279.9	\$ 279.7	\$ 1,231.1	\$ 1,150.1
Portfolio advisory fees, net	3.5	3.2	5.8	21.9	15.1
Transaction fees, net	1.3	20.3	2.6	23.6	29.6
Total fee revenues	315.6	303.4	288.1	1,276.6	1,194.8
Performance fees					
Realized	597.0	132.0	406.3	1,582.2	1,054.4
Unrealized	(265.6)	16.0	(196.0)	(94.9)	(720.0)
Total performance fees	331.4	148.0	210.3	1,487.3	334.4
Investment income (loss)					
Realized	6.1	7.5	9.3	(98.8)	27.9
Unrealized	4.9	(13.9)	19.6	83.3	(10.8)
Total investment income (loss)	11.0	(6.4)	28.9	(15.5)	17.1
Interest income	0.5	3.0	2.5	2.8	9.0
Other income	4.6	3.1	2.7	22.2	12.7
Total revenues	663.1	451.1	532.5	2,773.4	1,568.0
<b>Segment Expenses</b>					
Compensation and benefits					
Direct base compensation	118.0	121.8	108.5	476.0	468.1
Indirect base compensation	40.0	39.8	38.4	186.2	159.3
Equity-based compensation	27.9	31.4	30.9	107.1	123.6
Performance fee related					
Realized	264.3	61.9	173.0	709.7	473.6
Unrealized	(82.1)	10.8	(78.1)	69.0	(290.6)
Total compensation and benefits	368.1	265.7	272.7	1,548.0	934.0
General, administrative, and other indirect expenses	94.2	74.4	78.7	330.1	355.2
Depreciation and amortization expense	6.7	7.3	7.3	23.6	28.0
Interest expense	14.5	15.2	15.5	58.1	59.7
Total expenses	483.5	362.6	374.2	1,959.8	1,376.9
<b>Economic Net Income</b>	<b>\$ 179.6</b>	<b>\$ 88.5</b>	<b>\$ 158.3</b>	<b>\$ 813.6</b>	<b>\$ 191.1</b>
(-) Net Performance Fees	149.2	75.3	115.4	708.6	151.4
(-) Investment Income (Loss)	11.0	(6.4)	28.9	(15.5)	17.1
(+) Equity-based compensation	27.9	31.4	30.9	107.1	123.6
(+) Reserve for Litigation and Contingencies	—	—	—	—	50.0
<b>(=) Fee Related Earnings</b>	<b>\$ 47.3</b>	<b>\$ 51.0</b>	<b>\$ 44.9</b>	<b>\$ 227.6</b>	<b>\$ 196.2</b>
(+) Realized Net Performance Fees	332.7	70.1	233.3	872.5	580.8
(+) Realized Investment Income (Loss)	6.1	7.5	9.3	(98.8)	27.9
<b>(=) Distributable Earnings</b>	<b>\$ 386.1</b>	<b>\$ 128.6</b>	<b>\$ 287.5</b>	<b>\$ 1,001.3</b>	<b>\$ 804.9</b>

## Total Segment Information (Unaudited), cont.

	Three Months Ended							
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Jun 30, 2016 vs.		
						Jun 30, 2015	Mar 31, 2016	
(Dollars in millions)								
Economic Net Income (Loss), Total Segments								
Revenues								
Segment fee revenues								
Fund management fees	\$ 310.8	\$ 311.9	\$ 278.6	\$ 279.9	\$ 279.7	\$ (31.1)	\$ (0.2)	
Portfolio advisory fees, net	3.5	3.0	3.1	3.2	5.8	2.3	2.6	
Transaction fees, net	1.3	1.0	5.7	20.3	2.6	1.3	(17.7)	
Total fee revenues	315.6	315.9	287.4	303.4	288.1	(27.5)	(15.3)	
Performance fees								
Realized	597.0	333.1	183.0	132.0	406.3	(190.7)	274.3	
Unrealized	(265.6)	(554.2)	14.2	16.0	(196.0)	69.6	(212.0)	
Total performance fees	331.4	(221.1)	197.2	148.0	210.3	(121.1)	62.3	
Investment income (loss)								
Realized	6.1	9.2	1.9	7.5	9.3	3.2	1.8	
Unrealized	4.9	(15.5)	(1.0)	(13.9)	19.6	14.7	33.5	
Total investment income (loss)	11.0	(6.3)	0.9	(6.4)	28.9	17.9	35.3	
Interest income	0.5	0.1	3.4	3.0	2.5	2.0	(0.5)	
Other income	4.6	4.9	2.0	3.1	2.7	(1.9)	(0.4)	
Total revenues	663.1	93.5	490.9	451.1	532.5	(130.6)	81.4	
Expenses								
Compensation and benefits								
Direct base compensation	118.0	121.7	116.1	121.8	108.5	(9.5)	(13.3)	
Indirect base compensation	40.0	42.8	38.3	39.8	38.4	(1.6)	(1.4)	
Equity-based compensation	27.9	30.8	30.5	31.4	30.9	3.0	(0.5)	
Performance fee related								
Realized	264.3	155.9	82.8	61.9	173.0	(91.3)	111.1	
Unrealized	(82.1)	(228.4)	5.1	10.8	(78.1)	4.0	(88.9)	
Total compensation and benefits	368.1	122.8	272.8	265.7	272.7	(95.4)	7.0	
General, administrative, and other indirect expenses	94.2	78.1	124.0	74.4	78.7	(15.5)	4.3	
Depreciation and amortization expense	6.7	6.6	6.8	7.3	7.3	0.6	—	
Interest expense	14.5	14.4	14.6	15.2	15.5	1.0	0.3	
Total expenses	483.5	221.9	418.2	362.6	374.2	(109.3)	11.6	
Economic Net Income (Loss)	\$ 179.6	\$ (128.4)	\$ 72.7	\$ 88.5	\$ 158.3	\$ (21.3)	\$ 69.8	
(-) Net Performance Fees	149.2	(148.6)	109.3	75.3	115.4	(33.8)	40.1	
(-) Investment Income (Loss)	11.0	(6.3)	0.9	(6.4)	28.9	17.9	35.3	
(+) Equity-based compensation	27.9	30.8	30.5	31.4	30.9	3.0	(0.5)	
(+) Reserve for Litigation and Contingencies	—	—	50.0	—	—	—	—	
(=) Fee Related Earnings	\$ 47.3	\$ 57.3	\$ 43.0	\$ 51.0	\$ 44.9	\$ (2.4)	\$ (6.1)	
(+) Realized Net Performance Fees	332.7	177.2	100.2	70.1	233.3	(99.4)	163.2	
(+) Realized Investment Income (Loss)	6.1	9.2	1.9	7.5	9.3	3.2	1.8	
(=) Distributable Earnings	\$ 386.1	\$ 243.7	\$ 145.1	\$ 128.6	\$ 287.5	\$ (98.6)	\$ 158.9	

## Corporate Private Equity Segment Results (Unaudited)

Corporate Private Equity	Three Months Ended							
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Jun 30, 2016 vs.		
						Jun 30, 2015	Mar 31, 2015	
(Dollars in millions)								
Revenues								
Segment fee revenues								
Fund management fees	\$ 156.7	\$ 152.5	\$ 133.9	\$ 127.2	\$ 126.8	\$ (29.9)	\$ (0.4)	
Portfolio advisory fees, net	3.3	2.8	3.0	3.1	5.2	1.9	2.1	
Transaction fees, net	1.3	0.9	4.0	20.3	2.6	1.3	(17.7)	
Total fee revenues	161.3	156.2	140.9	150.6	134.6	(26.7)	(16.0)	
Performance fees								
Realized	536.5	258.6	108.4	126.2	337.9	(198.6)	211.7	
Unrealized	(269.8)	(513.9)	59.9	(93.1)	(278.9)	(9.1)	(185.8)	
Total performance fees	266.7	(255.3)	168.3	33.1	59.0	(207.7)	25.9	
Investment income (Loss)								
Realized	8.3	11.0	1.3	4.5	18.0	9.7	13.5	
Unrealized	0.7	(12.7)	(0.6)	(6.1)	3.0	2.3	9.1	
Total investment income (Loss)	9.0	(1.7)	0.7	(1.6)	21.0	12.0	22.6	
Interest income	0.2	0.4	0.6	0.9	0.9	0.7	—	
Other income	2.5	2.7	1.7	1.5	1.2	(1.3)	(0.3)	
Total revenues	439.7	(97.7)	312.2	184.5	216.7	(223.0)	32.2	
Expenses								
Compensation and benefits								
Direct base compensation	56.5	59.1	54.9	59.8	53.3	(3.2)	(6.5)	
Indirect base compensation	21.5	23.3	20.4	19.6	18.2	(3.3)	(1.4)	
Equity-based compensation	15.3	17.0	15.5	17.8	18.4	3.1	0.6	
Performance fee related								
Realized	237.2	120.6	46.1	58.6	143.3	(93.9)	84.7	
Unrealized	(117.5)	(235.0)	35.1	(44.7)	(117.4)	0.1	(72.7)	
Total compensation and benefits	213.0	(15.0)	172.0	111.1	115.8	(97.2)	4.7	
General, administrative, and other indirect expenses	37.8	36.4	66.5	30.9	32.0	(5.8)	1.1	
Depreciation and amortization expense	3.0	3.3	3.5	3.4	3.4	0.4	—	
Interest expense	7.7	7.8	7.7	6.9	7.3	(0.4)	0.4	
Total expenses	261.5	32.5	249.7	152.3	158.5	(103.0)	6.2	
Economic Net Income (Loss)	\$ 178.2	\$ (130.2)	\$ 62.5	\$ 32.2	\$ 58.2	\$ (120.0)	\$ 26.0	
(-) Net Performance Fees	147.0	(140.9)	87.1	19.2	33.1	(113.9)	13.9	
(-) Investment Income (Loss)	9.0	(1.7)	0.7	(1.6)	21.0	12.0	22.6	
(+) Equity-based compensation	15.3	17.0	15.5	17.8	18.4	3.1	0.6	
(+) Reserve for Litigation and Contingencies	—	—	26.8	—	—	—	—	
(=) Fee Related Earnings	\$ 37.5	\$ 29.4	\$ 17.0	\$ 32.4	\$ 22.5	\$ (15.0)	\$ (9.9)	
(+) Realized Net Performance Fees	299.3	138.0	62.3	67.6	194.6	(104.7)	127.0	
(+) Realized Investment Income	8.3	11.0	1.3	4.5	18.0	9.7	13.5	
(=) Distributable Earnings	\$ 345.1	\$ 178.4	\$ 80.6	\$ 104.5	\$ 235.1	\$ (110.0)	\$ 130.6	



## Global Market Strategies Segment Results (Unaudited)

Global Market Strategies	Three Months Ended							
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Jun 30, 2016 vs.		
						Jun 30, 2015	Mar 31, 2016	
(Dollars in millions)								
Revenues								
Segment fee revenues								
Fund management fees	\$ 54.8	\$ 52.3	\$ 48.1	\$ 51.1	\$ 52.2	\$ (2.6)	\$ 1.1	
Portfolio advisory fees, net	—	0.1	0.1	0.1	0.5	0.5	0.4	
Transaction fees, net	—	—	—	—	—	—	—	
Total fee revenues	54.8	52.4	48.2	51.2	52.7	(2.1)	1.5	
Performance fees								
Realized	8.6	11.8	13.0	1.8	5.4	(3.2)	3.6	
Unrealized	3.6	(62.4)	(23.0)	(0.3)	1.8	(1.8)	2.1	
Total performance fees	12.2	(50.6)	(10.0)	1.5	7.2	(5.0)	5.7	
Investment income (loss)								
Realized	1.2	3.1	(0.5)	0.8	0.8	(0.4)	—	
Unrealized	(1.5)	(5.0)	(5.0)	(2.1)	9.9	11.4	12.0	
Total investment income (loss)	(0.3)	(1.9)	(5.5)	(1.3)	10.7	11.0	12.0	
Interest income	0.1	(0.4)	2.6	1.5	1.1	1.0	(0.4)	
Other income	1.3	1.1	0.2	1.1	1.2	(0.1)	0.1	
Total revenues	68.1	0.6	35.5	54.0	72.9	4.8	18.9	
Expenses								
Compensation and benefits								
Direct base compensation	24.7	22.4	25.9	23.2	22.2	(2.5)	(1.0)	
Indirect base compensation	6.4	6.9	6.2	8.2	7.0	0.6	(1.2)	
Equity-based compensation	4.3	5.0	4.5	5.0	4.4	0.1	(0.6)	
Performance fee related								
Realized	4.1	5.4	4.8	0.8	0.7	(3.4)	(0.1)	
Unrealized	1.8	(28.6)	(9.1)	(1.1)	2.0	0.2	3.1	
Total compensation and benefits	41.3	11.1	32.3	36.1	36.3	(5.0)	0.2	
General, administrative, and other indirect expenses	22.8	14.0	20.7	19.2	20.2	(2.6)	1.0	
Depreciation and amortization expense	1.3	1.3	1.3	1.5	1.6	0.3	0.1	
Interest expense	2.7	2.6	2.7	2.7	2.8	0.1	0.1	
Total expenses	68.1	29.0	57.0	59.5	60.9	(7.2)	1.4	
Economic Net Income (Loss)	\$ —	\$ (28.4)	\$ (21.5)	\$ (5.5)	\$ 12.0	\$ 12.0	\$ 17.5	
(-) Net Performance Fees	6.3	(27.4)	(5.7)	1.8	4.5	(1.8)	2.7	
(-) Investment Income (Loss)	(0.3)	(1.9)	(5.5)	(1.3)	10.7	11.0	12.0	
(+) Equity-based compensation	4.3	5.0	4.5	5.0	4.4	0.1	(0.6)	
(+) Reserve for Litigation and Contingencies	—	—	9.0	—	—	—	—	
(=) Fee Related Earnings (Loss)	\$ (1.7)	\$ 5.9	\$ 3.2	\$ (1.0)	\$ 1.2	\$ 2.9	\$ 2.2	
(+) Realized Net Performance Fees	4.5	6.4	8.2	1.0	4.7	0.2	3.7	
(+) Realized Investment Income (Loss)	1.2	3.1	(0.5)	0.8	0.8	(0.4)	—	
(=) Distributable Earnings	\$ 4.0	\$ 15.4	\$ 10.9	\$ 0.8	\$ 6.7	\$ 2.7	\$ 5.9	

## Real Assets Segment Results (Unaudited)

	Three Months Ended							
							Jun 30, 2016 vs.	
Real Assets	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016		Jun 30, 2015	Mar 31, 2016
	(Dollars in millions)							
Revenues								
Segment fee revenues								
Fund management fees	\$ 61.5	\$ 69.3	\$ 58.8	\$ 65.2	\$ 66.5	\$ 5.0	\$ 1.3	
Portfolio advisory fees, net	0.2	0.1	—	—	0.1	(0.1)	0.1	
Transaction fees, net	—	0.1	1.7	—	—	—	—	
Total fee revenues	61.7	69.5	60.5	65.2	66.6	4.9	1.4	
Performance fees								
Realized	47.1	57.7	50.7	1.8	58.8	11.7	57.0	
Unrealized	(43.1)	(9.3)	(4.2)	97.7	66.1	109.2	(31.6)	
Total performance fees	4.0	48.4	46.5	99.5	124.9	120.9	25.4	
Investment income (loss)								
Realized	(3.4)	(4.9)	1.1	2.2	(9.5)	(6.1)	(11.7)	
Unrealized	6.1	2.1	4.7	(4.7)	6.7	0.6	11.4	
Total investment income (loss)	2.7	(2.8)	5.8	(2.5)	(2.8)	(5.5)	(0.3)	
Interest income	0.1	0.1	0.1	0.5	0.4	0.3	(0.1)	
Other income	0.5	0.8	0.2	0.4	0.2	(0.3)	(0.2)	
Total revenues	69.0	116.0	113.1	163.1	189.3	120.3	26.2	
Expenses								
Compensation and benefits								
Direct base compensation	17.5	20.4	13.6	20.2	18.0	0.5	(2.2)	
Indirect base compensation	8.8	9.7	8.5	9.2	10.1	1.3	0.9	
Equity-based compensation	6.3	6.2	5.4	6.2	7.0	0.7	0.8	
Performance fee related								
Realized	18.7	25.5	22.5	0.8	25.3	6.6	24.5	
Unrealized	(7.7)	7.2	(2.1)	44.8	26.1	33.8	(18.7)	
Total compensation and benefits	43.6	69.0	47.9	81.2	86.5	42.9	5.3	
General, administrative, and other indirect expenses	20.8	17.0	22.2	14.9	18.6	(2.2)	3.7	
Depreciation and amortization expense	1.0	1.2	1.2	1.5	1.5	0.5	—	
Interest expense	2.6	2.6	2.7	4.0	4.0	1.4	—	
Total expenses	68.0	89.8	74.0	101.6	110.6	42.6	9.0	
Economic Net Income	\$ 1.0	\$ 26.2	\$ 39.1	\$ 61.5	\$ 78.7	\$ 77.7	\$ 17.2	
(-) Net Performance Fees	(7.0)	15.7	26.1	53.9	73.5	80.5	19.6	
(-) Investment Income (Loss)	2.7	(2.8)	5.8	(2.5)	(2.8)	(5.5)	(0.3)	
(+) Equity-based compensation	6.3	6.2	5.4	6.2	7.0	0.7	0.8	
(+) Reserve for Litigation and Contingencies	—	—	9.2	—	—	—	—	
(=) Fee Related Earnings	\$ 11.6	\$ 19.5	\$ 21.8	\$ 16.3	\$ 15.0	\$ 3.4	\$ (1.3)	
(+) Realized Net Performance Fees	28.4	32.2	28.2	1.0	33.5	5.1	32.5	
(+) Realized Investment Income (Loss)	(3.4)	(4.9)	1.1	2.2	(9.5)	(6.1)	(11.7)	
(=) Distributable Earnings (Loss)	\$ 36.6	\$ 46.8	\$ 51.1	\$ 19.5	\$ 39.0	\$ 2.4	\$ 19.5	

## Investment Solutions Segment Results (Unaudited)

Investment Solutions	Three Months Ended							
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Jun 30, 2016 vs.		
						Jun 30, 2015	Mar 31, 2016	
(Dollars in millions)								
Revenues								
Segment fee revenues								
Fund management fees	\$ 37.8	\$ 37.8	\$ 37.8	\$ 36.4	\$ 34.2	\$ (3.6)	\$ (2.2)	
Portfolio advisory fees, net	—	—	—	—	—	—	—	
Transaction fees, net	—	—	—	—	—	—	—	
Total fee revenues	37.8	37.8	37.8	36.4	34.2	(3.6)	(2.2)	
Performance fees								
Realized	4.8	5.0	10.9	2.2	4.2	(0.6)	2.0	
Unrealized	43.7	31.4	(18.5)	11.7	15.0	(28.7)	3.3	
Total performance fees	48.5	36.4	(7.6)	13.9	19.2	(29.3)	5.3	
Investment income (loss)								
Realized	—	—	—	—	—	—	—	
Unrealized	(0.4)	0.1	(0.1)	(1.0)	—	0.4	1.0	
Total investment income (loss)	(0.4)	0.1	(0.1)	(1.0)	—	0.4	1.0	
Interest income	0.1	—	0.1	0.1	0.1	—	—	
Other income	0.3	0.3	(0.1)	0.1	0.1	(0.2)	—	
Total revenues	86.3	74.6	30.1	49.5	53.6	(32.7)	4.1	
Expenses								
Compensation and benefits								
Direct base compensation	19.3	19.8	21.7	18.6	15.0	(4.3)	(3.6)	
Indirect base compensation	3.3	2.9	3.2	2.8	3.1	(0.2)	0.3	
Equity-based compensation	2.0	2.6	5.1	2.4	1.1	(0.9)	(1.3)	
Performance fee related								
Realized	4.3	4.4	9.4	1.7	3.7	(0.6)	2.0	
Unrealized	41.3	28.0	(18.8)	11.8	11.2	(30.1)	(0.6)	
Total compensation and benefits	70.2	57.7	20.6	37.3	34.1	(36.1)	(3.2)	
General, administrative, and other indirect expenses	12.8	10.7	14.6	9.4	7.9	(4.9)	(1.5)	
Depreciation and amortization expense	1.4	0.8	0.8	0.9	0.8	(0.6)	(0.1)	
Interest expense	1.5	1.4	1.5	1.6	1.4	(0.1)	(0.2)	
Total expenses	85.9	70.6	37.5	49.2	44.2	(41.7)	(5.0)	
Economic Net Income (Loss)	\$ 0.4	\$ 4.0	\$ (7.4)	\$ 0.3	\$ 9.4	\$ 9.0	\$ 9.1	
(-) Net Performance Fees	2.9	4.0	1.8	0.4	4.3	1.4	3.9	
(-) Investment Income (Loss)	(0.4)	0.1	(0.1)	(1.0)	—	0.4	1.0	
(+) Equity-based compensation	2.0	2.6	5.1	2.4	1.1	(0.9)	(1.3)	
(+) Reserve for Litigation and Contingencies	—	—	5.0	—	—	—	—	
(=) Fee Related Earnings (Loss)	\$ (0.1)	\$ 2.5	\$ 1.0	\$ 3.3	\$ 6.2	\$ 6.3	\$ 2.9	
(+) Realized Net Performance Fees	0.5	0.6	1.5	0.5	0.5	—	—	
(+) Realized Investment Income	—	—	—	—	—	—	—	
(=) Distributable Earnings	\$ 0.4	\$ 3.1	\$ 2.5	\$ 3.8	\$ 6.7	\$ 6.3	\$ 2.9	

## Total Assets Under Management Roll Forward (Unaudited)

(USD in millions)	Corporate Private Equity			Global Market Strategies (8)			Real Assets			Investment Solutions (9)			Total		
	Available Capital	Fair Value of Capital	Total AUM	Available Capital	Fair Value of Capital	Total AUM	Available Capital	Fair Value of Capital	Total AUM	Available Capital	Fair Value of Capital	Total AUM	Available Capital	Fair Value of Capital	Total AUM
<b>Balance, As of March 31, 2016</b>	\$ 23,117	\$ 38,025	<b>\$ 61,142</b>	\$ 4,698	\$ 29,275	<b>\$ 33,973</b>	\$ 15,398	\$ 21,272	<b>\$ 36,670</b>	\$ 13,344	\$ 32,959	<b>\$ 46,303</b>	\$ 56,557	\$ 121,531	<b>\$ 178,088</b>
Commitments (1)	(1,618)	—	<b>(1,618)</b>	683	—	<b>683</b>	385	—	<b>385</b>	2,205	—	<b>2,205</b>	1,655	—	<b>1,655</b>
Capital Called, net (2)	(1,108)	953	<b>(155)</b>	(124)	202	<b>78</b>	(1,505)	1,415	<b>(90)</b>	(758)	685	<b>(73)</b>	<b>(3,495)</b>	3,255	<b>(240)</b>
Distributions (3)	216	(3,172)	<b>(2,956)</b>	17	(42)	<b>(25)</b>	194	(1,203)	<b>(1,009)</b>	112	(2,327)	<b>(2,215)</b>	539	<b>(6,744)</b>	<b>(6,205)</b>
Subscriptions, net of Redemptions (4)	—	—	—	—	(463)	<b>(463)</b>	—	—	—	—	(736)	<b>(736)</b>	—	<b>(1,199)</b>	<b>(1,199)</b>
Changes in CLO collateral balances (5)	—	—	—	—	611	<b>611</b>	—	—	—	—	—	—	—	<b>611</b>	<b>611</b>
Market Appreciation/(Depreciation) (6)	—	1,242	<b>1,242</b>	—	(44)	<b>(44)</b>	—	1,614	<b>1,614</b>	—	1,204	<b>1,204</b>	—	<b>4,016</b>	<b>4,016</b>
Foreign Exchange and other (7)	(27)	(6)	<b>(33)</b>	—	(109)	<b>(109)</b>	(6)	(33)	<b>(39)</b>	(143)	(816)	<b>(959)</b>	<b>(176)</b>	<b>(964)</b>	<b>(1,140)</b>
<b>Balance, As of June 30, 2016</b>	<b>\$ 20,580</b>	<b>\$ 37,042</b>	<b>\$ 57,622</b>	<b>\$ 5,274</b>	<b>\$ 29,430</b>	<b>\$ 34,704</b>	<b>\$ 14,466</b>	<b>\$ 23,065</b>	<b>\$ 37,531</b>	<b>\$ 14,760</b>	<b>\$ 30,969</b>	<b>\$ 45,729</b>	<b>\$ 55,080</b>	<b>\$ 120,506</b>	<b>\$ 175,586</b>

<b>Balance, As of June 30, 2015</b>	\$ 25,950	\$ 37,655	<b>\$ 63,605</b>	\$ 3,641	\$ 32,789	<b>\$ 36,430</b>	\$ 16,968	\$ 25,185	<b>\$ 42,153</b>	\$ 16,231	\$ 34,423	<b>\$ 50,654</b>	<b>\$ 62,790</b>	<b>\$ 130,052</b>	<b>\$ 192,842</b>
Commitments (1)	2,519	—	<b>2,519</b>	2,130	—	<b>2,130</b>	1,589	—	<b>1,589</b>	2,598	—	<b>2,598</b>	<b>8,836</b>	—	<b>8,836</b>
Capital Called, net (2)	(8,588)	7,947	<b>(641)</b>	(673)	919	<b>246</b>	(4,220)	4,172	<b>(48)</b>	(4,368)	4,066	<b>(302)</b>	<b>(17,849)</b>	17,104	<b>(745)</b>
Distributions (3)	617	(10,618)	<b>(10,001)</b>	153	(324)	<b>(171)</b>	131	(5,102)	<b>(4,971)</b>	419	(9,619)	<b>(9,200)</b>	<b>1,320</b>	<b>(25,663)</b>	<b>(24,343)</b>
Subscriptions, net of Redemptions (4)	—	—	—	—	(3,611)	<b>(3,611)</b>	—	—	—	—	(1,151)	<b>(1,151)</b>	—	<b>(4,762)</b>	<b>(4,762)</b>
Changes in CLO collateral balances (5)	—	—	—	—	1,032	<b>1,032</b>	—	—	—	—	—	—	—	<b>1,032</b>	<b>1,032</b>
Market Appreciation/(Depreciation) (6)	—	1,878	<b>1,878</b>	—	(1,538)	<b>(1,538)</b>	—	(1,154)	<b>(1,154)</b>	—	3,473	<b>3,473</b>	—	<b>2,659</b>	<b>2,659</b>
Foreign Exchange and other (7)	82	180	<b>262</b>	23	163	<b>186</b>	(2)	(36)	<b>(38)</b>	(120)	(223)	<b>(343)</b>	<b>(17)</b>	<b>84</b>	<b>67</b>
<b>Balance, As of June 30, 2016</b>	<b>\$ 20,580</b>	<b>\$ 37,042</b>	<b>\$ 57,622</b>	<b>\$ 5,274</b>	<b>\$ 29,430</b>	<b>\$ 34,704</b>	<b>\$ 14,466</b>	<b>\$ 23,065</b>	<b>\$ 37,531</b>	<b>\$ 14,760</b>	<b>\$ 30,969</b>	<b>\$ 45,729</b>	<b>\$ 55,080</b>	<b>\$ 120,506</b>	<b>\$ 175,586</b>

(1) Represents capital raised by our carry funds, NGP management fee funds and fund of funds vehicles, net of expired available capital.

(2) Represents capital called by our carry funds, NGP management fee funds and fund of funds vehicles, net of fund fees and expenses and investments in our business development companies. Equity invested amounts may vary from capital called due to timing differences between investment acquisition and capital call dates.

(3) Represents distributions from our carry funds, NGP management fee funds and fund of funds vehicles, net of amounts recycled and distributions from our business development companies. Distributions are based on when proceeds are actually distributed to investors, which may differ from when they are realized.

(4) Represents the net result of subscriptions to and redemptions from our hedge funds, mutual fund, and fund of hedge funds vehicles. Our hedge fund partnerships had outstanding redemption requests for \$1.5 billion in the aggregate as of the beginning of the third quarter of 2016 and our fund of hedge funds vehicles at DGAM, which are currently in the process of winding-down, had approximately \$0.8 billion of AUM at June 30, 2016.

(5) Represents the change in the aggregate collateral balance and principal cash at par of the CLOs/structured products.

(6) Market Appreciation/(Depreciation) represents realized and unrealized gains (losses) on portfolio investments and changes in the net asset value of our hedge funds, mutual fund, and fund of hedge funds vehicles. Appreciation for the second quarter of 2016 was driven by 5% appreciation in the public and private portfolios of our carry funds of \$0.7 billion and \$1.8 billion, respectively, in addition to \$1.2 billion of appreciation in our fund of funds vehicles. Appreciation for the twelve months ended June 30, 2016 was primarily driven by appreciation in the private portfolio of our carry funds of \$1.4 billion (4%) and appreciation in the public portfolio of our carry funds of \$0.2 billion (1%). Remaining market appreciation was driven by appreciation of \$3.4 billion in our fund of funds vehicles, partially offset by depreciation in our hedge funds and NGP management fee funds.

(7) Represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds and other changes in AUM. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

(8) Ending balance is comprised of approximately \$19.9 billion from our structured credit/other structured product funds, \$5.8 billion in our hedge funds, \$7.4 billion (including \$5.3 billion of Available Capital) in our carry funds, and \$1.6 billion from our business development companies.

(9) The fair market values for our Investment Solutions fund of funds vehicles are based on the latest available valuations of the underlying limited partnership interests (in most cases as of March 31, 2016) as provided by their general partners, plus the net cash flows since the latest valuation, up to June 30, 2016.

## Fee-Earning AUM Roll Forward (Unaudited)

(USD in millions)	Three Months Ended June 30, 2016				
	Corporate Private Equity	Global Market Strategies	Real Assets (7)	Investment Solutions	Total
<b>Fee-earning AUM</b>					
Balance, Beginning of Period	\$ 40,909	\$ 28,598	\$ 30,651	\$ 30,181	\$ 130,339
Inflows, including Fee-paying Commitments (1)	325	109	646	793	1,873
Outflows, including Distributions (2)	(2,238)	(326)	(846)	(2,174)	(5,584)
Subscriptions, net of Redemptions (3)	—	(445)	—	(736)	(1,181)
Changes in CLO collateral balances (4)	—	843	—	—	843
Market Appreciation/(Depreciation) (5)	(13)	31	16	(179)	(145)
Foreign Exchange and other (6)	(45)	(78)	(45)	(658)	(826)
<b>Balance, End of Period</b>	<b>\$ 38,938</b>	<b>\$ 28,732</b>	<b>\$ 30,422</b>	<b>\$ 27,227</b>	<b>\$ 125,319</b>

(USD in millions)	For the Twelve Months Ended June 30, 2016				
	Corporate Private Equity	Global Market Strategies	Real Assets (7)	Investment Solutions	Total
<b>Fee-earning AUM</b>					
Balance, Beginning of Period	\$ 40,322	\$ 31,278	\$ 28,075	\$ 30,325	\$ 130,000
Inflows, including Fee-paying Commitments (1)	4,445	2,874	7,203	4,532	19,054
Outflows, including Distributions (2)	(5,750)	(1,441)	(4,839)	(5,913)	(17,943)
Subscriptions, net of Redemptions (3)	—	(3,524)	—	(1,088)	(4,612)
Changes in CLO collateral balances (4)	—	(44)	—	—	(44)
Market Appreciation/(Depreciation) (5)	(271)	(712)	14	(501)	(1,470)
Foreign Exchange and other (6)	192	301	(31)	(128)	334
<b>Balance, End of Period</b>	<b>\$ 38,938</b>	<b>\$ 28,732</b>	<b>\$ 30,422</b>	<b>\$ 27,227</b>	<b>\$ 125,319</b>

(1) Inflows represent limited partner capital raised and capital invested by our carry funds, NGP management fee funds, and fund of funds vehicles outside the investment period, weighted-average investment period or commitment fee period. Inflows do not include amounts raised of \$6.2 billion for which fees have not yet commenced.

(2) Outflows represent limited partner distributions from our carry funds, NGP management fee funds, and fund of funds vehicles, changes in basis for our carry funds and fund of funds vehicles where the investment period, weighted-average investment period or commitment fee period has expired, and reductions for funds that are no longer calling for fees.

(3) Represents the net result of subscriptions to and redemptions from our hedge funds, mutual fund and fund of hedge funds vehicles.

(4) Represents the change in the aggregate Fee-earning collateral balances at par of our CLOs/structured products, as of the quarterly cut-off dates.

(5) Market Appreciation/(Depreciation) represents changes in the net asset value of our hedge funds, mutual fund and fund of hedge funds vehicles, and realized and unrealized gains (losses) on portfolio investments in our carry funds and fund of funds vehicles based on the lower of cost or fair value and net asset value.

(6) Includes activity of funds with fees based on gross asset value. Represents the impact of foreign exchange rate fluctuations on the translation of our non-U.S. dollar denominated funds. Activity during the period is translated at the average rate for the period. Ending balances are translated at the spot rate as of the period end.

(7) Energy II, Energy III, Energy IV, Renew I, and Renew II (collectively, the "Legacy Energy Funds"), 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. With the exception of Energy IV and Renew II, where Carlyle has a minority representation on the funds' management committees, management of each of the Legacy Energy Funds is vested in committees with equal representation by Carlyle and Riverstone, and the consent of representatives of both Carlyle and Riverstone is required for investment decisions. As of June 30, 2016, the Legacy Energy Funds had, in the aggregate, approximately \$6.4 billion in AUM and \$5.8 billion in Fee-earning AUM. NGP VII, NGP VIII, NGP IX, or in the case of NGP M&R, NGP ETP I, and NGP ETP II, certain affiliated entities (collectively, the "NGP management fee funds") and NGP X, NGP GAP and NGP XI (referred to herein as, "carry funds"), are managed by NGP Energy Capital Management. As of June 30, 2016, the NGP management fee funds and carry funds had, in the aggregate, approximately \$11.9 billion in AUM and \$11.2 billion in Fee-earning AUM.

## Corporate Private Equity Fund Performance (Unaudited)

The fund return information reflected in this discussion and analysis 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. An investment in The Carlyle Group L.P. is not an investment in any of our funds. There can be no assurance that any of our existing or future funds will achieve similar returns.

Corporate Private Equity	Fund Inception Date (1)	Committed Capital	TOTAL INVESTMENTS						REALIZED/PARTIALLY REALIZED INVESTMENTS (5)			
			As of June 30, 2016						Inception to June 30, 2016			
			Cumulative Invested Capital (2)	Total Fair Value (3)	MOIC(4)	Gross IRR(7)	Net IRR (8)	Cumulative Invested Capital (2)	Total Fair Value (3)	MOIC(4)	Gross IRR(7)	
(Reported in Local Currency, in Millions)												
<u>Fully Invested Funds (6)</u>												
CP II	10/1994	\$ 1,331.1	\$ 1,362.4	\$ 4,072.2	3.0x	34%	25%	\$ 1,362.4	\$ 4,072.2	3.0x	34%	
CP III	2/2000	\$ 3,912.7	\$ 4,031.6	\$ 10,146.9	2.5x	27%	21%	\$ 4,031.6	\$ 10,146.9	2.5x	27%	
CP IV	12/2004	\$ 7,850.0	\$ 7,612.6	\$ 18,023.3	2.4x	16%	13%	\$ 6,827.6	\$ 17,258.8	2.5x	18%	
CP V	5/2007	\$ 13,719.7	\$ 13,001.4	\$ 25,241.6	1.9x	18%	13%	\$ 7,990.8	\$ 20,723.9	2.6x	27%	
CEP I	12/1997	€ 1,003.6	€ 981.6	€ 2,126.5	2.2x	18%	11%	€ 981.6	€ 2,126.5	2.2x	18%	
CEP II	9/2003	€ 1,805.4	€ 2,048.8	€ 3,920.0	1.9x	36%	20%	€ 1,489.4	€ 3,573.0	2.4x	55%	
CEP III	12/2006	€ 5,294.9	€ 5,072.7	€ 10,948.0	2.2x	19%	14%	€ 3,413.0	€ 8,708.9	2.6x	22%	
CAP I	12/1998	\$ 750.0	\$ 627.7	\$ 2,521.8	4.0x	25%	18%	\$ 627.7	\$ 2,521.8	4.0x	25%	
CAP II	2/2006	\$ 1,810.0	\$ 1,633.6	\$ 2,878.5	1.8x	11%	8%	\$ 1,117.8	\$ 2,490.9	2.2x	16%	
CAP III	5/2008	\$ 2,551.6	\$ 2,527.3	\$ 4,848.3	1.9x	20%	14%	\$ 1,709.9	\$ 2,905.8	1.7x	16%	
CJP I	10/2001	¥ 50,000.0	¥ 47,291.4	¥ 138,661.5	2.9x	61%	37%	¥ 39,756.6	¥ 131,454.6	3.3x	65%	
CJP II	7/2006	¥ 165,600.0	¥ 141,866.7	¥ 182,405.9	1.3x	5%	1%	¥ 64,306.1	¥ 106,207.7	1.7x	10%	
CGFSP I	9/2008	\$ 1,100.2	\$ 1,080.7	\$ 2,110.9	2.0x	19%	13%	\$ 502.9	\$ 1,168.2	2.3x	27%	
CEOF I	5/2011	\$ 1,119.1	\$ 1,121.0	\$ 1,505.3	1.3x	17%	11%	\$ 221.0	\$ 650.0	2.9x	52%	
CETP II	2/2007	€ 521.6	€ 436.4	€ 1,075.0	2.5x	26%	17%	€ 216.9	€ 889.5	4.1x	36%	
CAGP IV	6/2008	\$ 1,041.4	\$ 949.9	\$ 1,372.4	1.4x	12%	7%	\$ 222.7	\$ 484.6	2.2x	30%	
All Other Funds (9)	Various		\$ 3,857.7	\$ 6,306.2	1.6x	17%	8%	\$ 3,080.9	\$ 5,253.6	1.7x	19%	
Coinvestments and Other (10)	Various		\$ 9,554.5	\$ 22,598.1	2.4x	36%	33%	\$ 6,120.9	\$ 18,318.7	3.0x	36%	
Total Fully Invested Funds			\$ 58,649.3	\$ 124,745.3	2.1x	26%	19%	\$ 41,580.2	\$ 105,237.9	2.5x	29%	
<u>Funds in the Investment Period (6)</u>												
CP VI (12)	5/2012	\$ 13,000.0	\$ 6,158.3	\$ 7,405.4	1.2x	NM	NM					
CEP IV (12)	8/2013	€ 3,669.5	€ 1,394.0	€ 1,371.4	1.0x	NM	NM					
CAP IV (12)	11/2012	\$ 3,880.4	\$ 1,798.6	\$ 1,901.2	1.1x	NM	NM					
CGFSP II (12)	4/2013	\$ 1,000.0	\$ 602.6	\$ 671.1	1.1x	NM	NM					
CJP III (12)	8/2013	¥ 119,505.1	¥ 50,213.2	¥ 62,464.5	1.2x	NM	NM					
CEOF II (12)	3/2015	\$ 2,400.0	\$ 429.2	\$ 423.6	1.0x	NM	NM					
All Other Funds (11)	Various		\$ 2,147.1	\$ 2,170.2	1.0x	NM	NM					
Total Funds in the Investment Period			\$ 13,165.9	\$ 14,695.3	1.1x	9%	1%	\$ 343.2	\$ 624.5	1.8x	46%	
TOTAL CORPORATE PRIVATE EQUITY (13)			\$ 71,815.2	\$ 139,440.6	1.9x	26%	18%	\$ 41,923.4	\$ 105,862.4	2.5x	29%	

## Real Assets and Global Market Strategies Carry Funds Fund Performance (Unaudited)

Real Assets	Fund Inception Date (1)	Committed Capital	TOTAL INVESTMENTS						REALIZED/PARTIALLY REALIZED INVESTMENTS (5)			
			As of June 30, 2016						As of June 30, 2016			
			Cumulative Invested Capital (2)	Total Fair Value (3)	MOIC(4)	Gross IRR (7)	Net IRR (8)	Cumulative Invested Capital (2)	Total Fair Value (3)	MOIC(4)	Gross IRR (7)	
(Reported in Local Currency, in Millions)												
<u>Fully Invested Funds (6)</u>												
CRP III	11/2000	\$ 564.1	\$ 522.5	\$ 1,732.0	3.3x	44%	30 %	\$ 522.5	\$ 1,732.0	3.3x	44%	
CRP IV	12/2004	\$ 950.0	\$ 1,198.5	\$ 1,832.8	1.5x	7%	4 %	\$ 874.7	\$ 1,522.2	1.7x	11%	
CRP V	11/2006	\$ 3,000.0	\$ 3,293.0	\$ 5,404.1	1.6x	13%	9 %	\$ 2,855.7	\$ 4,778.6	1.7x	14%	
CRP VI	9/2010	\$ 2,340.0	\$ 2,073.6	\$ 3,792.1	1.8x	33%	23 %	\$ 1,193.8	\$ 2,409.8	2.0x	36%	
CEREP I	3/2002	€ 426.6	€ 517.0	€ 698.6	1.4x	14%	7 %	€ 517.0	€ 698.6	1.4x	14%	
CEREP II	4/2005	€ 762.7	€ 833.8	€ 128.1	0.2x	(100%)	(100%)	€ 777.8	€ 140.8	0.2x	(100%)	
CEREP III	5/2007	€ 2,229.5	€ 2,011.2	€ 2,227.6	1.1x	2%	(1)%	€ 1,182.8	€ 1,544.9	1.3x	6%	
CIP	9/2006	\$ 1,143.7	\$ 1,069.8	\$ 1,288.9	1.2x	4%	1 %	\$ 421.8	\$ 549.6	1.3x	4%	
NGP X	1/2012	\$ 3,586.0	\$ 3,080.4	\$ 3,420.3	1.1x	5%	2 %	\$ 522.3	\$ 1,106.4	2.1x	59%	
Energy II	7/2002	\$ 1,100.0	\$ 1,334.8	\$ 3,155.2	2.4x	81%	55 %	\$ 1,046.1	\$ 3,027.8	2.9x	91%	
Energy III	10/2005	\$ 3,800.0	\$ 3,569.7	\$ 5,313.7	1.5x	9%	7 %	\$ 2,308.7	\$ 4,542.9	2.0x	18%	
Energy IV	12/2007	\$ 5,979.1	\$ 6,168.3	\$ 7,559.7	1.2x	8%	4 %	\$ 2,633.8	\$ 4,660.9	1.8x	27%	
Renew II	3/2008	\$ 3,417.5	\$ 2,849.3	\$ 3,971.4	1.4x	9%	6 %	\$ 1,414.3	\$ 2,224.1	1.6x	14%	
All Other Funds (14)	Various		\$ 2,939.5	\$ 3,264.9	1.1x	4%	(1)%	\$ 2,494.5	\$ 2,787.3	1.1x	5%	
Coinvestments and Other (10)	Various		\$ 5,451.3	\$ 8,631.7	1.6x	16%	12 %	\$ 3,291.7	\$ 6,452.8	2.0x	23%	
Total Fully Invested Funds			\$ 37,273.6	\$ 52,748.8	1.4x	12%	7 %	\$ 22,323.2	\$ 38,434.3	1.7x	19%	
<u>Funds in the Investment Period (6)</u>												
CRP VII (12)	3/2014	\$ 4,161.6	\$ 1,622.9	\$ 1,975.2	1.2x	NM	NM					
CIEP I (12)	9/2013	\$ 2,500.0	\$ 458.1	\$ 614.5	1.3x	NM	NM					
NGP XI (12)	6/2014	\$ 5,325.0	\$ 1,111.2	\$ 1,242.6	1.1x	NM	NM					
CPP II (12)	6/2014	\$ 1,526.9	\$ 501.0	\$ 479.6	1.0x	NM	NM					
All Other Funds (15)	Various		\$ 306.8	\$ 334.8	1.1x	NM	NM					
Total Funds in the Investment Period			\$ 4,000.0	\$ 4,646.6	1.2x	25%	9 %	\$ —	\$ —	n/a	n/a	
TOTAL Real Assets (13)			\$ 41,273.7	\$ 57,395.4	1.4x	12%	7 %	\$ 22,323.2	\$ 38,434.3	1.7x	19%	

Global Market Strategies	Fund Inception Date (16)	Committed Capital	TOTAL INVESTMENTS							
			As of June 30, 2016				Inception to June 30, 2016			
			Cumulative Invested Capital (17)	Total Fair Value (3)	MOIC (4)	Gross IRR (7)	Net IRR (8)			
(Reported in Local Currency, in Millions)										
CSP II	6/2007	\$	1,352.3	\$	1,352.3	\$	2,438.4	1.8x	17 %	11 %
CEMOF I	12/2010	\$	1,382.5	\$	1,200.6	\$	1,095.0	0.9x	(6)%	(11)%
CEMOF II (24)	2/2015	\$	2,773.0	\$	166.2	\$	173.8	1.0x	NM	NM

## Investment Solutions Fund Performance (Unaudited)

Investment Solutions (19)	Vintage Year	Fund Size	TOTAL INVESTMENTS							
			As of June 30, 2016							
			Cumulative Invested Capital (2)(20)	Total Fair Value (3)(20)	MOIC (4)	Gross IRR (7)	Net IRR (8)			
(Reported in Local Currency, in Millions)										
Fully Committed Funds (18)										
Main Fund I - Fund Investments	2000	€	5,174.6	€	4,386.5	€	7,205.6	1.6x	12%	11%
Main Fund II - Fund Investments	2003	€	4,545.0	€	4,970.6	€	7,763.7	1.6x	10%	9%
Main Fund III - Fund Investments	2005	€	11,500.0	€	12,992.0	€	19,811.9	1.5x	10%	9%
Main Fund IV - Fund Investments	2009	€	4,877.3	€	4,538.0	€	6,319.9	1.4x	15%	14%
Main Fund V - Fund Investments	2012	€	5,080.0	€	2,510.8	€	2,747.2	1.1x	7%	6%
Main Fund I - Secondary Investments	2002	€	519.4	€	496.2	€	939.0	1.9x	58%	55%
Main Fund II - Secondary Investments	2003	€	998.4	€	1,038.9	€	1,891.3	1.8x	27%	26%
Main Fund III - Secondary Investments	2006	€	2,250.0	€	2,401.4	€	3,544.1	1.5x	10%	10%
Main Fund IV - Secondary Investments	2010	€	1,859.1	€	1,954.7	€	3,144.1	1.6x	19%	18%
Main Fund II - Co-Investments	2003	€	1,090.0	€	931.5	€	2,574.4	2.8x	44%	42%
Main Fund III - Co-Investments	2006	€	2,760.0	€	2,895.4	€	3,892.7	1.3x	5%	4%
Main Fund IV - Co-Investments	2010	€	1,475.0	€	1,396.3	€	3,158.9	2.3x	23%	21%
Main Fund V - Co-Investments	2012	€	1,122.2	€	1,050.1	€	2,073.9	2.0x	37%	34%
Main Fund II - Mezzanine Investments	2004	€	700.0	€	782.0	€	1,057.4	1.4x	7%	7%
Main Fund III - Mezzanine Investments	2006	€	2,000.0	€	2,021.4	€	2,660.9	1.3x	10%	9%
All Other Funds (21)	Various			€	1,944.5	€	2,685.2	1.4x	15%	12%
Total Fully Committed Funds				€	46,310.2	€	71,470.2	1.5x	12%	12%
Funds in the Commitment Period (18)										
Main Fund VI - Fund Investments (22)	2015	€	1,106.4	€	75.6	€	65.3	0.9x	NM	NM
Main Fund V - Secondary Investments	2011	€	4,271.2	€	3,166.8	€	4,334.5	1.4x	22%	20%
Main Fund VI - Co-Investments	2014	€	1,115.0	€	635.8	€	732.1	1.2x	19%	15%
All Other Funds (21)	Various			€	375.2	€	417.9	1.1x	13%	9%
Total Funds in the Commitment Period				€	4,253.3	€	5,549.8	1.3x	22%	19%
TOTAL INVESTMENT SOLUTIONS				€	50,563.5	€	77,020.0	1.5x	13%	12%
TOTAL INVESTMENT SOLUTIONS (USD) (23)				\$	55,988.9	\$	85,284.0	1.5x		

(1) The data presented herein that provides “inception to date” performance results of our segments relates to the period following the formation of the first fund within each segment. For our Corporate Private Equity segment our first fund was formed in 1990. For our Real Assets segment our first fund was formed in 1997.

(2) Represents the original cost of all capital called for investments since inception of the fund.

(3) Represents all realized proceeds combined with remaining fair value, before management fees, expenses and carried interest.

(4) Multiple of invested capital (“MOIC”) represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital.

(5) 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 amount of 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. Because part of our value creation strategy involves pursuing best exit alternatives, we believe information regarding Realized/Partially Realized MOIC and Gross IRR, when considered together with the other investment performance metrics presented, provides investors with meaningful information regarding our investment performance by removing the impact of investments where significant realization activity has not yet occurred. Realized/Partially Realized MOIC and Gross IRR have limitations as measures of investment performance, and should not be considered in isolation. Such limitations include the fact that these measures do not include the performance of earlier stage and other investments that do not satisfy the criteria provided above. The exclusion of such investments will have a positive impact on Realized/Partially Realized MOIC and Gross IRR in instances when the MOIC and Gross IRR in respect of such investments are less than the aggregate MOIC and Gross IRR. Our measurements of Realized/Partially Realized MOIC and Gross IRR may not be comparable to those of other companies that use similarly titled measures. We do not present Realized/Partially Realized performance information separately for funds that are still in the investment period because of the relatively insignificant level of realizations for funds of this type. However, to the extent such funds have had realizations, they are included in the Realized/Partially Realized performance information presented for Total Corporate Private Equity and Total Real Assets.

(6) Fully Invested funds are past the expiration date of the investment period as defined in the respective limited partnership agreement. In instances where a successor fund has had its first capital call, the predecessor fund is categorized as fully invested.

(7) Gross Internal Rate of Return (“Gross IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on contributions, distributions and unrealized value before management fees, expenses and carried interest.

(8) Net Internal Rate of Return (“Net IRR”) represents the annualized IRR for the period indicated on Limited Partner invested capital based on contributions, distributions and unrealized value after management fees, expenses and carried interest.

(9) Aggregate includes the following funds: CP I, CMG, CVP I, CVP II, CUSGF III, CEVP, CETP I, CAVP I, CAVP II, CAGP III, Mexico, CBPF, and MENA.



- (10) Includes coinvestments and certain other stand-alone investments arranged by us.
- (11) Aggregate, which is considered not meaningful, includes the following funds and their respective commencement dates: CGP (December 2014), CSABF (December 2009), CSSAF (April 2012), CPF I (June 2012), CCI (December 2012), and CETP III (May 2014).
- (12) Returns are not considered meaningful, as the investment period commenced in May 2012 for CP VI, November 2012 for CAP IV, April 2013 for CGFSP II, August 2013 for CEP IV, August 2013 for CJP III, March 2015 for CEOF II, September 2013 for CIEP I, March 2014 for CRP VII, June 2014 for NGP XI, and June 2014 for CPP II.
- (13) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.
- (14) Aggregate includes the following funds: CRP I, CRP II, CAREP I, CAREP II, CRCP I, CPOCP, Renew I and Energy I.
- (15) Aggregate includes NGP GAP and CPI. Return is not considered meaningful, as the investment period commenced in December 2013 for NGP GAP and May 2016 for CPI.
- (16) The data presented herein that provides “inception to date” performance results for CSP II, CEMOF I, and CEMOF II related to the period following the formation of the funds in June 2007, December 2010, and February 2015, respectively.
- (17) Represents the original cost of investments net of investment level recallable proceeds which is adjusted to reflect recyclability of invested capital for the purpose of calculating the fund MOIC.
- (18) Fully Committed funds are past the expiration date of the commitment period as defined in the respective limited partnership agreement.
- (19) Includes private equity and mezzanine primary fund investments, secondary fund investments and co-investments originated by the AlpInvest team. Excluded from the performance information shown are a) investments that were not originated by AlpInvest, b) Direct Investments, which was spun off from AlpInvest in 2005, and c) Metropolitan Real Estate fund of funds vehicles. As of June 30, 2016, these excluded investments represent \$0.5 billion of AUM at AlpInvest and \$1.8 billion of AUM at Metropolitan.
- (20) For purposes of aggregation, funds that report in foreign currency have been converted to Euro at the reporting period spot rate.
- (21) Aggregate includes Main Fund I - Co-Investments, Main Fund I - Mezzanine Investments, Main Fund IV - Mezzanine Investments, Main Fund V - Mezzanine Investments, AlpInvest CleanTech Funds and funds which are not included as part of a main fund.
- (22) Returns are not considered meaningful as the commitment period commenced in 2015 for Main Fund VI - Fund Investments.
- (23) Represents the U.S. dollar equivalent balance translated at the spot rate as of period end.
- (24) Returns are not considered meaningful, as the investment period commenced in November 2015 for CEMOF II.

## Remaining Fair Value Analysis

	Remaining Fair Value (1)	Unrealized MOIC (2)	Total MOIC (3)	% Invested (4)	In Accrued Carry/ (Clawback) (5)	LTM Realized Carry/ (Clawback) (6)	Catch-up Rate	Fee Initiation Date (7)	Quarters Since Fee Initiation	Original Investment Period End Date
As of June 30, 2016										
<b>Corporate Private Equity</b>										
(Reported in Local Currency, in Millions)										
CP V	\$ 7,199.9	1.4x	1.9x	95%	X	X	100%	Jun-07	37	May-13
CP VI	\$ 7,146.1	1.2x	1.2x	47%			100%	Jun-13	13	May-18
CEP III	€ 2,600.3	1.8x	2.2x	96%	X	X	100%	Jul-07	36	Dec-12
CAP IV	\$ 1,843.1	1.0x	1.1x	46%			100%	Jul-13	12	Nov-18
CAP III	\$ 1,846.2	2.3x	1.9x	99%	X	X	100%	Jun-08	33	May-14
CEP IV	€ 1,205.0	0.9x	1.0x	38%			100%	Sep-14	8	Aug-19
CGFSP I	\$ 1,109.8	1.7x	2.0x	98%	X	X	100%	Oct-08	31	Sep-14
CEOF I	\$ 1,010.5	1.1x	1.3x	100%	X		80%	Sep-11	20	May-17
CAGP IV	\$ 822.7	1.1x	1.4x	91%			100%	Aug-08	32	Jun-14
CP IV	\$ 778.5	1.4x	2.4x	97%	X	X	80%	Apr-05	45	Dec-10
CJP II	¥ 72,385.5	1.0x	1.3x	86%			80%	Oct-06	39	Jul-12
CJP III	¥ 61,597.2	1.2x	1.2x	42%			100%	Sep-13	12	Feb-20
CGFSP II	\$ 590.2	1.1x	1.1x	60%			100%	Jun-13	13	Dec-17
CEOF II	\$ 441.4	1.0x	1.0x	18%			80%	Nov-15	3	Mar-21
CETP II	€ 369.1	0.8x	2.5x	84%	X	X	100%	Jan-08	34	Jul-13
CAP II	\$ 395.5	1.0x	1.8x	90%		(X)	80%	Mar-06	42	Feb-12
CEP II	€ 175.6	0.3x	1.9x	113%	X	X	80%	Sep-03	52	Sep-08
All Other Funds (8)	\$ 3,096.4	1.1x	2.1x		NM	NM				
Coinvestment and Other (9)	\$ 4,619.9	1.4x	2.4x		NM	NM				
<b>Total Corporate Private Equity (12)</b>	<b>\$ 37,015.3</b>	<b>1.3x</b>	<b>1.9x</b>							
<b>Real Assets</b>										
Energy IV	\$ 2,631.6	0.7x	1.2x	103%	(X)		80%	Feb-08	34	Dec-13
NGP X	\$ 2,334.8	1.0x	1.1x	86%			80%	Jan-12	18	May-17
CRP VII	\$ 1,987.2	1.2x	1.2x	39%	X		80%	Jun-14	9	Mar-19
Renew II	\$ 1,954.7	1.2x	1.4x	83%	(X)		80%	Mar-08	34	May-14
CRP VI	\$ 1,499.7	1.6x	1.8x	89%	X	X	50%	Mar-11	22	Mar-16
CRP V	\$ 1,251.2	1.9x	1.6x	110%	X		50%	Nov-06	39	Nov-11
NGP XI	\$ 1,241.3	1.1x	1.1x	21%	X		80%	Feb-15	6	Oct-19
CRP IV	\$ 724.7	2.0x	1.5x	126%			50%	Jan-05	46	Dec-09
CEREP III	€ 617.8	0.8x	1.1x	90%			67%	Jun-07	37	May-11
CIP	\$ 649.3	1.1x	1.2x	94%			80%	Oct-06	39	Sep-12
CIEP I	\$ 597.9	1.3x	1.3x	18%			80%	Oct-13	11	Sep-19
CPP II	\$ 490.5	1.0x	1.0x	33%			80%	Sep-14	8	Apr-21
Energy III	\$ 474.6	0.3x	1.5x	94%	(X)		80%	Nov-05	43	Oct-11
CRP III	\$ 368.2	109.2x	3.3x	93%	X	X	50%	Mar-01	62	May-05
All Other Funds (10)	\$ 555.6	0.6x	1.3x		NM	NM				
Coinvestment and Other (9)	\$ 2,505.8	1.2x	1.6x		NM	NM				
<b>Total Real Assets (12)</b>	<b>\$ 19,951.3</b>	<b>1.0x</b>	<b>1.4x</b>							
<b>Global Market Strategies</b>										
CEMOF I	\$ 577.1	0.6x	0.9x	87%			100%	Dec-10	23	Dec-15
CSP II	\$ 295.5	0.8x	1.8x	100%	X		80%	Dec-07	35	Jun-11
CEMOF II	\$ 217.0	1.0x	1.0x	6%			100%	Dec-15	3	Feb-20
All Other Funds (11)	\$ 767.1	1.0x	1.4x		NM	NM				
Coinvestment and Other (9)	\$ 275.9	0.7x	0.9x		NM	NM				
<b>Total Global Market Strategies</b>	<b>\$ 2,132.6</b>	<b>0.7x</b>	<b>1.3x</b>							

## Remaining Fair Value Analysis, Notes

- (1) Net asset value of our carry funds. Reflects significant funds with remaining fair value of greater than \$100 million.
- (2) Unrealized multiple of invested capital (“MOIC”) represents remaining fair market value, before management fees, expenses and carried interest, divided by investment cost.
- (3) Total MOIC represents total fair value, before management fees, expenses and carried interest, divided by cumulative invested capital. For certain funds, represents the original cost of investments net of investment-level recallable proceeds, which is adjusted to reflect recyclability of invested capital for the purpose of calculating the fund MOIC.
- (4) Represents cumulative equity invested as of the reporting period divided by total commitments. Amount can be greater than 100% due to the re-investment of recallable distributions to fund investors.
- (5) Fund has accrued carry/(clawback) as of the reporting period.
- (6) Fund has realized carry in the last twelve months.
- (7) Represents the date of the first capital contribution for management fees.
- (8) Aggregate includes the following funds: CMG, CP I, CP II, CP III, CEP I, CAP I, CBPF, CJP I, CEVP, CETP I, CETP III, CCI, CAVP I, CAVP II, CAGP III, Mexico, MENA, CSABF, CSSAF, CPF, CGP, CVP I, CVP II, and CUSGF III. In Accrued Carry/(Clawback) and LTM Realized Carry not indicated because the indicator does not apply to each fund within the aggregate.
- (9) Includes co-investments, prefund investments and certain other stand-alone investments arranged by us. In Accrued Carry/(Clawback) and LTM Realized Carry not indicated because the indicator does not apply to each fund within the aggregate.
- (10) Aggregate includes the following funds: CRP I, CRP II, CRCP I, CPI, CEREP I, CEREP II, CAREP I, CAREP II, CPOCP I, NGP GAP, Energy I, Energy II and Renew I. In Accrued Carry/(Clawback) and LTM Realized Carry not indicated because the indicator does not apply to each fund within the aggregate.
- (11) Aggregate includes the following funds: CSP I, CSP III, CMP I, CMP II, and CASCOF. In Accrued Carry/(Clawback) and LTM Realized Carry not indicated because the indicator does not apply to each fund within the aggregate.
- (12) For purposes of aggregation, funds that report in foreign currency have been converted to U.S. dollars at the reporting period spot rate.

## Largest Publicly Traded Positions in Carry Funds

Rank	Largest Publicly Traded Equity Positions	Fund(s)	Q2 2016 Value (1,2)
1	Focus Media	CAP III	\$ 1,754,854,786
2	CommScope, Inc.	CP V, CEP III	1,278,962,579
3	CoreSite Realty Corporation	CRP III, CRP IV, CRP V	1,259,145,142
4	Axalta Coating Systems	CP V, CEP III	1,104,231,562
5	Pattern Energy Group Holdings, L.P.	RENEW II	895,390,299
6	NXP Semiconductors N.V.	CP IV, CEP II, CAP II, CJP I	500,935,566
7	Booz Allen Hamilton, Inc.	CP V, CMP II	473,926,391
8	CVC Brasil Operadora e Agência de Viagens S.A.	CP V, CSABF	433,936,536
9	USA Compression	ENERGY IV	381,915,164
10	Wesco Holdings, Inc.	CP IV, CMP I	313,091,067
<b>Top 10 Positions</b>			<b>8,396,389,093</b>
<b>Total Public Equity Portfolio (carry fund only)</b>			<b>12,484,867,057</b>
<i>% of public portfolio in top 10 positions</i>			<i>67%</i>

(1) Figures represent gross investment results, inclusive of Carlyle-sponsored coinvestments. May include portion of private business in value.

(2) In U.S. dollars, or converted to U.S. dollars at the prevailing exchange rate on the last day of the fiscal period.

Note: Includes all classes of shares irrespective of trading status.

## Reconciliation for Total Segment Information (Unaudited)

Three Months Ended June 30, 2015						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
	(Dollars in millions)					
Revenues	\$ 663.1	\$ 257.0	\$ (64.0)	(a)	\$	856.1
Expenses	\$ 483.5	\$ 311.2	\$ 48.9	(b)	\$	843.6
Other income (loss)	\$ —	\$ 463.1	\$ (1.5)	(c)	\$	461.6
Economic net income (loss) (1)	\$ 179.6	\$ 408.9	\$ (114.4)	(d)	\$	474.1

Three Months Ended September 30, 2015						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
	(Dollars in millions)					
Revenues	\$ 93.5	\$ 259.4	\$ (55.4)	(a)	\$	297.5
Expenses	\$ 221.9	\$ 355.5	\$ 217.9	(b)	\$	795.3
Other income (loss)	\$ —	\$ (20.6)	\$ (10.7)	(c)	\$	(31.3)
Economic net income (loss) (1)	\$ (128.4)	\$ (116.7)	\$ (284.0)	(d)	\$	(529.1)

Three Months Ended December 31, 2015						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
	(Dollars in millions)					
Revenues	\$ 490.9	\$ 232.8	\$ (7.9)	(a)	\$	715.8
Expenses	\$ 418.2	\$ 299.3	\$ 85.0	(b)	\$	802.5
Other income (loss)	\$ —	\$ (63.4)	\$ (8.0)	(c)	\$	(71.4)
Economic net income (loss) (1)	\$ 72.7	\$ (129.9)	\$ (100.9)	(d)	\$	(158.1)

Three Months Ended March 31, 2016						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
	(Dollars in millions)					
Revenues	\$ 451.1	\$ 28.9	\$ 3.1	(a)	\$	483.1
Expenses	\$ 362.6	\$ 29.7	\$ 67.1	(b)	\$	459.4
Other income (loss)	\$ —	\$ (8.4)	\$ —	(c)	\$	(8.4)
Economic net income (loss) (1)	\$ 88.5	\$ (9.2)	\$ (64.0)	(d)	\$	15.3

Three Months Ended June 30, 2016						
	Total Reportable Segments	Consolidated Funds	Reconciling Items			Carlyle Consolidated
	(Dollars in millions)					
Revenues	\$ 532.5	\$ 35.9	\$ 39.6	(a)	\$	608.0
Expenses	\$ 374.2	\$ 35.0	\$ 137.7	(b)	\$	546.9
Other income (loss)	\$ —	\$ 6.7	\$ —	(c)	\$	6.7
Economic net income (loss) (1)	\$ 158.3	\$ 7.6	\$ (98.1)	(d)	\$	67.8

(1) Income before provision for income taxes is the amount in the "Carlyle Consolidated" column and is the GAAP measure that is most directly comparable to Economic Net Income (Loss).

## Reconciliation for Total Segment Information, cont. (Unaudited)

- (a) The Revenues adjustment principally represents fund management and performance fees earned from the Consolidated Funds that were eliminated in consolidation to arrive at Carlyle's total revenues, adjustments for amounts attributable to non-controlling interests in consolidated entities, adjustments related to expenses associated with the investments in NGP Management and its affiliates that are included in operating captions or are excluded from the segment results, adjustments to reflect Carlyle's share of Urbplan's net losses as a component of investment income, the inclusion of tax expenses associated with certain performance fees, and adjustments to reflect Carlyle's ownership interests in Claren Road, ESG and Carlyle Commodity Management.
- (b) The Expense adjustment represents the elimination of intercompany expenses of the Consolidated Funds payable to Carlyle, the inclusion of certain tax expenses associated with performance fee compensation, adjustments for amounts attributable to non-controlling interests in consolidated entities, adjustments related to expenses associated with the investment in NGP management that are included in operating captions, adjustments to reflect Carlyle's share of Urbplan's net losses as a component of investment income, changes in the tax receivable agreement liability, charges and credits associated with Carlyle corporate actions and non-recurring items and adjustments to reflect Carlyle's economic interests in Claren Road, ESG and Carlyle Commodity Management, as detailed below:

	Three Months Ended				
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016
	(Dollars in millions)				
Equity-based compensation issued in conjunction with the initial public offering, acquisitions and strategic investments	\$ 88.6	\$ 54.5	\$ 57.7	\$ 45.4	\$ 79.3
Acquisition related charges, including amortization of intangibles and impairment	(2.3)	209.6	40.9	17.7	21.6
Other non-operating expense (income)	(2.9)	(9.9)	4.3	3.8	0.7
Tax (expense) benefit associated with performance fee compensation	(9.1)	(5.1)	4.5	(3.3)	(10.8)
Non-Carlyle economic interests in acquired business	28.1	26.2	25.7	2.4	48.9
Severance and other adjustments	1.8	0.1	3.6	7.4	1.4
Elimination of expenses of Consolidated Funds	(55.3)	(57.5)	(51.7)	(6.3)	(3.4)
	<u>\$ 48.9</u>	<u>\$ 217.9</u>	<u>\$ 85.0</u>	<u>\$ 67.1</u>	<u>\$ 137.7</u>

- (c) The Other Income (Loss) adjustment results from the Consolidated Funds which were eliminated in consolidation to arrive at Carlyle's total Other Income (Loss).

**(d) Reconciliation for Economic Net Income and Distributable Earnings (Unaudited)**

	Three Months Ended					Six Months Ended	Twelve Months Ended
	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016	Jun 30, 2016	Jun 30, 2016	Jun 30, 2016
	(Dollars in millions)						
<b>Income (loss) before provision for income taxes</b>	\$ 474.1	\$ (529.1)	\$ (158.1)	\$ 15.3	\$ 67.8	\$ 83.1	\$ (604.1)
Adjustments:							
Equity-based compensation issued in conjunction with the initial public offering, acquisitions and strategic investments (1)	88.6	54.5	57.7	45.4	79.3	124.7	236.9
Acquisition related charges, including amortization of intangibles and impairment	(2.3)	209.6	40.9	17.7	21.6	39.3	289.8
Other non-operating expense (income)	(2.9)	(9.9)	4.3	3.8	0.7	4.5	(1.1)
Tax (expense) benefit associated with performance fees	(9.1)	(5.1)	4.5	(3.3)	(10.8)	(14.1)	(14.7)
Net (income) loss attributable to non-controlling interests in consolidated entities	(370.8)	152.4	119.6	2.3	(1.6)	0.7	272.7
Severance and other adjustments	2.0	(0.8)	3.8	7.3	1.3	8.6	11.6
<b>Economic Net Income (Loss)</b>	<b>\$ 179.6</b>	<b>\$ (128.4)</b>	<b>\$ 72.7</b>	<b>\$ 88.5</b>	<b>\$ 158.3</b>	<b>\$ 246.8</b>	<b>\$ 191.1</b>
Net performance fees	149.2	(148.6)	109.3	75.3	115.4	190.7	151.4
Investment income (loss)	11.0	(6.3)	0.9	(6.4)	28.9	22.5	17.1
Equity-based compensation	27.9	30.8	30.5	31.4	30.9	62.3	123.6
Reserve for Litigation and Contingencies	—	—	50.0	—	—	—	50.0
<b>Fee Related Earnings</b>	<b>\$ 47.3</b>	<b>\$ 57.3</b>	<b>\$ 43.0</b>	<b>\$ 51.0</b>	<b>\$ 44.9</b>	<b>\$ 95.9</b>	<b>\$ 196.2</b>
Realized performance fees, net of related compensation	332.7	177.2	100.2	70.1	233.3	303.4	580.8
Realized investment income (loss)	6.1	9.2	1.9	7.5	9.3	16.8	27.9
<b>Distributable Earnings</b>	<b>\$ 386.1</b>	<b>\$ 243.7</b>	<b>\$ 145.1</b>	<b>\$ 128.6</b>	<b>\$ 287.5</b>	<b>\$ 416.1</b>	<b>\$ 804.9</b>
Depreciation and amortization expense	6.7	6.6	6.8	7.3	7.3	14.6	28.0
Interest expense	14.5	14.4	14.6	15.2	15.5	30.7	59.7
<b>Adjusted EBITDA</b>	<b>\$ 407.3</b>	<b>\$ 264.7</b>	<b>\$ 166.5</b>	<b>\$ 151.1</b>	<b>\$ 310.3</b>	<b>\$ 461.4</b>	<b>\$ 892.6</b>

(1) Equity-based compensation expense is higher in Q2 2015 and Q2 2016 relative to other quarters due to the true-up of estimated forfeitures in Q2 of each year for the equity awards issued in conjunction with the initial public offering.

## Reconciliation for Economic Net Income and Distributable Earnings, cont. (Unaudited)

	Three Months Ended Jun 30, 2016	Six Months Ended Jun 30, 2016
	(Dollars in millions, except unit and per unit amounts)	
Economic Net Income	\$ 158.3	\$ 246.8
Less: Provision for Income Taxes	43.2	73.5
Economic Net Income, After Taxes	<u>\$ 115.1</u>	<u>\$ 173.3</u>
Economic Net Income, After Taxes per Adjusted Unit(1)	<u>\$ 0.35</u>	<u>\$ 0.53</u>
Distributable Earnings	\$ 287.5	\$ 416.1
Less: Estimated foreign, state, and local taxes	6.6	14.8
Distributable Earnings, After Taxes	<u>\$ 280.9</u>	<u>\$ 401.3</u>
Distributable Earnings to The Carlyle Group L.P.	\$ 72.9	\$ 103.6
Less: Estimated current corporate income taxes and TRA payments	1.4	2.8
Distributable Earnings to The Carlyle Group L.P. net of corporate income taxes	<u>\$ 71.5</u>	<u>\$ 100.8</u>
Distributable Earnings, net, per The Carlyle Group L.P. common unit outstanding(2)	<u>\$ 0.84</u>	<u>\$ 1.19</u>

(1) Adjusted Units were determined as follows:

The Carlyle Group L.P. common units outstanding	81,547,568	81,547,568
Carlyle Holdings partnership units not held by The Carlyle Group L.P.	242,885,054	242,885,054
Dilutive effect of unvested deferred restricted common units	4,166,523	2,988,087
Total Adjusted Units	<u>328,599,145</u>	<u>327,420,709</u>

(2) As of June 30, 2016, there were 81,547,568 outstanding common units of The Carlyle Group L.P. This amount does not reflect the repurchase of 32,300 common units that were pending settlement at June 30, 2016 and have been subtracted from the common units outstanding for purposes of this calculation. In July and August 2016, an additional estimated 3,567,643 common units will be issued in connection with the vesting of deferred restricted common units. For purposes of this calculation, these common units have been added to the common units outstanding as of June 30, 2016 because they will participate in the unitholder distribution that will be paid in August 2016. The resulting total common units outstanding used for this calculation are 85,082,911.



**The Carlyle Group L.P.**  
**GAAP Balance Sheet (Unaudited)**

	As of June 30, 2016			
	Consolidated Operating Entities	Consolidated Funds	Eliminations	Consolidated
	(Dollars in millions)			
<b>Assets</b>				
Cash and cash equivalents	\$ 807.3	\$ —	\$ —	\$ 807.3
Cash and cash equivalents held at Consolidated Funds	—	405.2	—	405.2
Restricted cash	12.3	—	—	12.3
Corporate Treasury investments	62.6	—	—	62.6
Accrued performance fees	2,867.1	—	—	2,867.1
Investments	1,219.3	—	(120.3)	1,099.0
Investments of Consolidated Funds	—	3,352.9	—	3,352.9
Due from affiliates and other receivables, net	245.9	—	(4.5)	241.4
Due from affiliates and other receivables of Consolidated Funds, net	—	31.0	—	31.0
Receivables and inventory of a consolidated real estate VIE	165.7	—	—	165.7
Fixed assets, net	104.1	—	—	104.1
Deposits and other	47.4	—	—	47.4
Other assets of a consolidated real estate VIE	52.2	—	—	52.2
Intangible assets, net	117.2	—	—	117.2
Deferred tax assets	221.0	—	—	221.0
Total assets	<u>\$ 5,922.1</u>	<u>\$ 3,789.1</u>	<u>\$ (124.8)</u>	<u>\$ 9,586.4</u>
<b>Liabilities and partners' capital</b>				
Debt obligations	\$ 1,276.9	\$ —	\$ —	\$ 1,276.9
Loans payable of Consolidated Funds	—	3,303.0	—	3,303.0
Loans payable of a consolidated real estate VIE at fair value (principal amount of \$136.1)	81.7	—	—	81.7
Accounts payable, accrued expenses and other liabilities	308.8	—	—	308.8
Accrued compensation and benefits	1,757.2	—	—	1,757.2
Due to affiliates	223.3	0.2	—	223.5
Deferred revenue	50.9	—	—	50.9
Deferred tax liabilities	117.6	—	—	117.6
Other liabilities of Consolidated Funds	—	392.5	(32.0)	360.5
Other liabilities of a consolidated real estate VIE	96.8	—	—	96.8
Accrued giveback obligations	222.8	—	—	222.8
Total liabilities	<u>4,136.0</u>	<u>3,695.7</u>	<u>(32.0)</u>	<u>7,799.7</u>
Redeemable non-controlling interests in consolidated entities	6.0	—	—	6.0
Total partners' capital	<u>1,780.1</u>	<u>93.4</u>	<u>(92.8)</u>	<u>1,780.7</u>
Total liabilities and partners' capital	<u>\$ 5,922.1</u>	<u>\$ 3,789.1</u>	<u>\$ (124.8)</u>	<u>\$ 9,586.4</u>

**The Carlyle Group L.P.**  
**Non-GAAP Financial Information and Other Key Terms**

***Non-GAAP Financial Information***

Carlyle discloses in this press release the following financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America:

- Economic net income or “ENI,” represents segment net income which includes certain tax expense associated with performance fees and excludes the impact of all other income taxes, changes in the tax receivable agreement liability, acquisition-related items including amortization and impairment of acquired intangibles and contingent consideration taking the form of earn-outs, charges associated with equity-based compensation issued in Carlyle’s initial public offering or in acquisitions or strategic investments, corporate actions and infrequently occurring or unusual events. Carlyle believes the inclusion or exclusion of these items provides investors with a meaningful indication of its core operating performance. For segment reporting purposes, revenues and expenses, and accordingly segment net income, are presented on a basis that deconsolidates certain Carlyle funds, related co-investment entities and collateralized loan obligations (“CLOs”) (referred to collectively as the “Consolidated Funds”) that Carlyle consolidates in its consolidated financial statements pursuant to U.S. GAAP. Total Segment ENI equals the aggregate of ENI for all segments. Carlyle believes that reporting ENI is helpful to understanding its business and that investors should review the same supplemental financial measure that management uses to analyze its segment performance.
- Fee-Related Earnings or “FRE,” is a component of ENI and is used to assess the ability of the business to cover base compensation and operating expenses from fee revenues other than performance fees. FRE differs from income (loss) before provision for income taxes computed in accordance with U.S. GAAP in that it adjusts for the items included in the calculation of ENI and also adjusts ENI to exclude net performance fees, investment income (loss), from investments in Carlyle funds, equity-based compensation and certain general, administrative and other expenses when the timing of any future payment is uncertain. FRE is reported as part of Carlyle’s segment results.
- Distributable Earnings or “DE,” is FRE plus realized net performance fees and realized investment income (loss), and is used to assess performance and amounts potentially available for distribution from Carlyle Holdings to its unitholders. DE is intended to show the amount of net realized earnings without the effects of Consolidated Funds. DE is evaluated regularly by management in making resource deployment and compensation decisions across our four reportable segments. DE is reported as part of Carlyle’s segment results.
- Adjusted EBITDA is a component of ENI and is used to measure Carlyle’s ability to cover recurring operating expenses from cash earnings. Adjusted EBITDA is computed as ENI excluding unrealized performance fees, unrealized performance fee compensation, unrealized investment income, depreciation and amortization expense, interest expense and equity-based compensation.

Income before provision for income taxes is the GAAP financial measure most comparable to ENI, Fee-Related Earnings, Distributable Earnings, and Adjusted EBITDA. Reconciliations of these non-GAAP financial measures to income before provision for income taxes are included within this press release. These non-GAAP financial measures should be considered in addition to and not as a substitute for, or superior to, financial measures presented in accordance with U.S. GAAP.

## Other Key Terms

**“Assets under management”** or **“AUM”** refers to the assets managed by Carlyle. AUM equals the sum of the following:

(a) the fair value of the capital invested in Carlyle carry funds, co-investment vehicles, NGP management fee funds and fund of funds vehicles plus the capital that Carlyle is entitled to call from investors in those funds and vehicles (including Carlyle commitments to those funds and vehicles and those of senior Carlyle professionals and employees) pursuant to the terms of their capital commitments to those funds and vehicles;

(b) the amount of aggregate collateral balance and principal cash at par or aggregate principal amount of the notes of our CLOs and other structured products (inclusive of all positions);

(c) the net asset value (pre-redemptions and subscriptions) of Carlyle’s long/short credit, emerging markets, multi-product macroeconomic, mutual fund, fund of hedge funds vehicles and other hedge funds; and

(d) the gross assets (including assets acquired with leverage) of our business development companies.

AUM includes certain energy and renewable resources funds that Carlyle jointly advises with Riverstone Holdings L.L.C. (“Riverstone”) and certain NGP management fee funds and carry funds advised by NGP Energy Capital Management. Carlyle’s calculation of AUM (but not Fee-Earning AUM) includes uncalled commitments to, and the fair value of invested capital in, investment funds from Carlyle and its personnel, regardless of whether such commitments or invested capital are subject to management or performance fees.

**“Available capital,”** commonly known as “dry powder,” for Carlyle’s carry funds, NGP management fee funds, and fund of funds vehicles refers to the amount of capital commitments available to be called for investments. Amounts previously called may be added back to available capital following certain distributions.

**“Carlyle funds,” “our funds”** and **“our investment funds”** refer to the investment funds and vehicles advised by Carlyle.

**“Carry funds”** refers to (i) those investment funds that Carlyle advises, including the buyout funds, growth capital funds, real estate funds, infrastructure funds, certain energy funds, and opportunistic credit, distressed debt and mezzanine funds (but excluding Carlyle’s structured credit/other structured product funds, hedge funds, business development companies, mutual fund and fund of funds vehicles), where Carlyle receives a special residual allocation of income, which is referred to as a “carried interest,” in the event that specified investment returns are achieved by the fund and (ii) those investment funds advised by NGP from which we are entitled to receive a carried interest.

**“Catch-up management fees”** refer to those amounts of management fees charged to fund investors in subsequent closings of a fund which apply to the time period between the fee initiation date and the subsequent closing date.

**“Expired available capital”** occurs when a fund has passed the investment and follow-on periods and can no longer invest capital into new or existing deals. Any remaining available capital, typically a result of either recycled distributions or specific reserves established for the follow-on period that are not drawn, can only be called for fees and expenses and is therefore removed from the total AUM calculation.

**“Fee-Earning assets under management”** or **“Fee-Earning AUM”** refers to the assets managed by Carlyle from which Carlyle derives recurring fund management fees. Fee-Earning AUM generally equals the sum of:

(a) for substantially all carry funds and certain co-investment vehicles where the investment period has not expired and for Metropolitan fund of funds vehicles during the weighted-average investment period of the underlying funds, the amount of limited partner capital commitments, for AlpInvest fund of funds vehicles, the amount of external investor capital commitments during the commitment fee period, and for the NGP management fee funds and certain carry funds advised by NGP, the amount of investor capital commitments before the first investment realization;

(b) for substantially all carry funds and certain co-investment vehicles where the investment period has expired and for Metropolitan fund of funds vehicles after the expiration of the weighted-average investment period of the underlying funds, the remaining amount of limited partner invested capital, and for the NGP management fee funds and certain carry funds advised by NGP where the first investment has been realized, the amount of partner commitments less realized and written-off investments;

(c) the amount of aggregate fee-earning collateral balance at par of our CLOs, as defined in the fund indentures (typically exclusive of equities and defaulted positions) as of the quarterly cut-off date for each CLO, and the aggregate principal amount of the notes of our other structured products;

(d) the net asset value of our mutual fund and the external investor portion of the net asset value (pre-redemptions and subscriptions) of our long/short credit funds, emerging markets, multi-product macroeconomic, fund of hedge funds vehicles and other hedge funds;

(e) the gross assets (including assets acquired with leverage), excluding cash and cash equivalents of our business development companies and certain carry funds; and

(f) for AlpInvest fund of funds vehicles where the commitment fee period has expired, and certain carry funds where the investment period has expired, the lower of cost or fair value of invested capital.

Fee-Earning AUM includes certain energy and renewable resources carry funds that Carlyle jointly advises with Riverstone and certain NGP management fee funds and carry funds advised by NGP Energy Capital Management. Fee-Earning AUM includes only those assets which earn a material fee.

For Carlyle's carry funds, co-investment vehicles, NGP management fee funds and fund of funds vehicles, total AUM includes the fair value of the capital invested, whereas Fee-Earning AUM includes the amount of capital commitments or the remaining amount of invested capital at cost, depending on whether the investment period for the fund has expired. As such, Fee-Earning AUM may be greater than total AUM when the aggregate fair value of the remaining investments is less than the cost of those investments.

**"Fund of funds vehicles"** refers to those funds, accounts and vehicles advised by AlpInvest Partners B.V., Metropolitan Real Estate Equity Management, LLC, and Diversified Global Asset Management Corporation.

**"NGP management fee funds"** refer to those funds advised by NGP Energy Capital Management (together with its affiliates and subsidiaries) from which we only receive management fees.

**"Net accrued performance fees"** refers to the accrued performance fees that are attributable to Carlyle's unitholders. This balance is comprised of accrued performance fees less: accrued giveback obligations, accrued performance fee compensation, performance fee-related tax obligations, and accrued performance fees attributable to non-controlling interests. This balance also excludes net accrued performance fees that have been realized but will be collected in subsequent periods.

**"Net performance fees"** refers to the performance fees from Carlyle funds and fund of funds vehicles net of the portion allocated to Carlyle investment professionals (including related tax expense) which is reflected as performance fee related compensation expense.

**"Performance fees"** consist principally of carried interest from carry funds and certain fund of funds vehicles and incentive fees or allocations from certain of our Global Market Strategies funds. Carlyle is generally entitled to a 20% allocation (or 1.8% to 10% in the case of most of the fund of funds vehicles) of the net realized income or gain as a carried interest after returning the invested capital, the allocation of preferred returns of generally 8% to 9% and the return of certain fund costs (subject to catch-up provisions as set forth in the fund limited partnership agreement). Carried interest revenue, which is a component of performance fees in Carlyle's consolidated financial statements, is recognized by Carlyle upon appreciation of the valuation of the applicable funds' investments above certain return

hurdles as set forth in each respective partnership agreement and is based on the amount that would be due to Carlyle pursuant to the fund partnership agreement at each period end as if the funds were liquidated at such date.

“**Realized net performance fees**” refers to the realized performance fees from Carlyle funds and fund of funds vehicles net of the portion allocated to Carlyle investment professionals which is reflected as realized performance fee related compensation expense, and any performance fee-related tax obligations.

“**VIE**” refers to a variable interest entity, as that term is defined in Accounting Standards Codification Topic 810, *Consolidation*.